

Value Clash Looms for U.S. and Asia

Washington's Emphasis On Human Rights Issues Could Hurt Relations

By Michael Richardson
International Herald Tribune

SINGAPORE — The United States and East Asian nations appear headed toward a clash of values that could poison relations between them.

Tommy B. Koh, a former Singapore ambassador to the United States and the United Nations who heads his country's Institute of Policy Studies, said recently that he was worried that an "ideological battle" would develop between Asia and America over Washington's assertiveness in exporting democracy and human rights.

Such a conflict could raise trans-Pacific trade tensions, weaken security ties between the United States and its East Asian allies and friends, strengthen calls for the region to form its own economic bloc and place Japan in the position of having to choose between Asia and the United States.

Western pressure, particularly from the United States and the European Community, to use aid and trade as levers to promote political pluralism and individual liberties in countries that put greater emphasis on stability and social control has helped to form a common front of opposition in East Asia.

This is despite the area's political, ethnic and religious diversity, which normally makes a region-wide consensus impossible to reach.

Earlier this month, at a regional conference on human rights in Bangkok organized by the United Nations, all East Asian governments signed a declaration saying that the West should not use human rights as a condition for extending aid and that countries did not have the right to interfere in the internal affairs of others.

Japan, the world's largest aid donor, signed the declaration, although it formally registered some reservations.

The U.S. secretary of state, Warren M. Christopher, said in March that respect for human rights would be "a cornerstone of U.S. foreign policy." Not long afterward, Winston Lord, U.S. assistant secretary of state for East Asian and Pacific Affairs, said that the end of the Cold War "reduces the pressure to muffle concerns about unsavory governments for the sake of security."

Mr. Lord said that the spread of liberty affirmed America's values and served its interests.

"Open societies do not attack one another," he asserted. "They make better trading partners. They press for environmental reform. They do not practice terrorism. They do not produce refugees."

The end of Cold War constraints and the more active pursuit of human rights policy by the United States coincides with rapidly rising East Asian pride and self-confidence as the region continues an economic surge while Western economies falter.

"The stage is set for a major increase in Western exports of democracy and human rights just as East Asian nations are in a mood to resist," said George Hicks, an economist and writer on Asian affairs.

Malaysia's prime minister, Mahatir bin Mohamad, said in a recent speech that he had been

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A Bosnian soldier cycling with his son near Tuzla on Sunday, a day free of fighting there.

Pressured by Belgrade, Bosnian Serb Accepts Pact

Air Strikes Still Possible, Skeptical Clinton Warns

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — Still skeptical of Serbian intentions, President Bill Clinton signaled Sunday that he would pursue air strikes inside Bosnia unless talk of peace was backed up with concrete Serbian action to end the violence in the Balkans.

Mr. Clinton said in a statement that the signature of Radovan Karadzic, the Bosnian Serb leader, on a UN-brokered peace plan had not altered his resolve to blunt Serbian assaults in the Balkans.

The peace plan was put forward by two international mediators, Lord Owen, the former British foreign secretary, and Cyrus R. Vance, the former U.S. secretary of state.

"The developments in the Vance-Owen process are a positive step," Mr. Clinton said in a prepared statement, "but we have yet to determine whether the Serbs are serious about peace. We will make that judgment based upon their actions on the ground in Bosnia."

He added: "Other agreements in this protracted war have raised hopes but not changed behavior. We will judge intentions by actions."

Having signed the peace plan, Serbs must now adhere to all cease-fire agreements, halt the sieges of Bosnian cities including Sarajevo, and stop interfering with United Nations-sponsored relief efforts, Vice President Al Gore said in a broadcast interview Sunday.

He also noted that under the peace agreement signed by the Serbs near Athens on Sunday, Serbian forces will be required to withdraw from some territory in Bosnia that its forces currently occupy.

On Saturday, only hours before the Serbs signed, Mr. Clinton decided to seek a consensus among European allies for military action in Bosnia. There was no official confirmation that air strikes were a favored option, and the White House spoke only of "military steps."

But early Sunday, Mr. Clinton told Senator Bob Dole of Kansas in a phone conversation that the two steps the president had provisionally approved were to go ahead with air strikes and to lift the arms embargo so that Bosnian Muslims could attain weapons.

Mr. Dole, the Republican leader in the Senate, said he had received Mr. Clinton's approval to discuss their conversation publicly.

The senator quoted the president as saying that the United States "ought to proceed as though nothing happened." Mr. Dole said, "just in case this turns out to be a sham."

A retired air force general, Perry Smith, who said he had received a high-level briefing on U.S. plans, said on CNN that U.S. air strikes would target large artillery pieces, supply depots, command bunkers and similar targets inside Bosnia with precision-guided bombs.

The timing of a final U.S. decision to use force, however, appeared directly linked to the level of allied support and the speed with which the Vance-Owen plan is implemented in Bosnia.

In London, Secretary of State Warren M. Christopher called Mr. Karadzic's action "good news."

But he added in a statement that Serbs "must do more than simply give us a signature on a peace plan."

"Unfortunately," Mr. Christopher said, "we've heard their words and seen the signatures before. It will take deeds."

Mr. Christopher arrived in London on Sunday and is scheduled to meet with top officials from nine European nations, including Germany, France and Russia. Mr. Clinton said Sunday that he had instructed Mr. Christopher "to continue as planned with his consultations through Europe on the measures we will take if the Serbs do not act in good faith."

The president said he had spoken over the phone with British Prime Minister John Major.

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France Emotionally Shaken by Bérégovoy's Suicide

Compiled by Our Staff From Dispatches

PARIS — The suicide of former Prime Minister Pierre Bérégovoy shocked France on Sunday and prompted anger among Socialist friends who said recent political attacks had broken his will to live.

Mr. Bérégovoy, 67, a self-taught railroad employee who rose to finance minister and then prime minister, shot himself in the head on Saturday in Neuvers, his political base in central France. He died four hours later on a helicopter flying him to Val-de-Grâce Hospital in Paris.

"Pierre Bérégovoy's death has stirred deep emotion in our country," Prime Minister Edouard Balladur said. Mr. Balladur delayed for several days the announcement of an economic recovery program that had been due

Wednesday. A report expected to be sharply critical of the large public deficits left by Mr. Bérégovoy's government, due Monday, was put off to the end of the week.

Political friends said Mr. Bérégovoy, who had announced a drive against corruption when he came to power in April last year, had been deeply wounded by allegations of impropriety over an interest-free loan he took from a businessman friend to buy an apartment seven years ago.

They said harsh attacks on his government's economic record and the Socialist disaster after the overwhelming election defeat a month ago had added to his distress, although he retained his seat in the National Assembly.

Michel Rocard, the Socialist Party leader and

a former prime minister, said Mr. Bérégovoy had been the victim of glaring injustice. "It must be corrected," he said.

Paul Quilès, interior minister in Mr. Bérégovoy's government, said that Mr. Bérégovoy had been broken by a systematic campaign of disparagement.

A spokesman for President François Mitterrand, a longtime friend of Mr. Bérégovoy's, said Sunday that the president had opted for "mourning and silence" rather than making a statement.

Mr. Bérégovoy's suicide leaves Mr. Mitterrand even more politically isolated than before. The president has just started his second period of power-sharing with a hostile conservative

government, a move that has been criticized since 1986 to a

Foes had accused Mr. Bérégovoy of leaving the French economy in a state since World War II. His strategy of high-interest-rate policies earned him a reputation as a push the number of jobless Frenchmen above 3 million.

"We had a recession and an unpleasant political climate, but I take my share of responsibility, along with many others," Mr. Bérégovoy said in his last interview, broadcast after his death.

He was torn by criticism of his million-franc (\$185,000, at current rates) interest-free loan in government.

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G-7 Achieves Affability, If Little Else, at IMF Session

By Lawrence Malkin
International Herald Tribune

WASHINGTON — Just this winter, C. Fred Bergsten, who runs Washington's most influential think tank on international economic problems, read a funeral oration for the Group of Seven's coordination process, declaring it a victim of self-centered nationalism and bad manners.

This weekend, spring returned, and the world's seven major industrial nations met with newfound civility to announce what each was already doing separately to improve its economy. This was greeted with applause by other financial powers gathered here for the semi-annual meeting of the 24 nations of the steering committee of the International Monetary Fund.

But the United States, Germany, Japan, France, Britain, Italy and Canada are still a long way from genuinely acting as a body — for example, from crafting domestic policies with an eye to reinforcing policies of their trading partners or calming financial markets.

The seven are doing what comes naturally in a world slump, although Treasury Secretary Lloyd Bentsen said they had laid the basis for further action. His senior aides explained that

he meant even lower interest rates in Germany and another round of deficit spending in Japan. They left no doubt they would be arguing for these things at the spring round of meetings leading up to the G-7 economic summit meeting in Tokyo in July.

"This is not a process where we pull rabbits out of hats at meetings," one U.S. official said. "The dialogue continues. You don't see the innards. You see the results."

So far, the results contain no evidence that any of the seven would have done anything differently or more or less quickly if the process did not exist, leaving the formidable Mr. Bentsen sounding a bit like Chauncey Crowder with hope for an economic dawn.

Could the G-7 have done better? Mr. Bergsten argued that the actions the nations had taken separately could have been delayed until the meeting and packaged for a joint announcement.

"Doing this all together can add up to more than the sum of its parts for the financial markets," he said. "Maybe Bentsen has commitments he is not disclosing, but he obviously is hoping for more spontaneous action arising

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Kiosk

Tamil Link in Slaying Of Sri Lanka Leader

The Sri Lankan police said Sunday that they had found evidence linking Tamil separatists to the assassination of President Ranasinghe Premadasa the day before.

Speaking of the separatist Liberation Tigers of Tamil Eelam, Lionel Gunatillake, a police official, said at a news conference that members of the group were the "prime suspects" in the killing. The Liberation Tigers have denied involvement. (Page 2)

NHL Islanders Take Lead

PITTSBURGH (AP) — The New York Islanders, playing without their injured star, Pierre Turgeon, got goals from Ray Ferraro and Benoit Hogue to surprise the Penguins, 3-2, on Sunday in the first game of the NHL's Patrick Division finals.

Other hockey news, Page 15

Business/Finance

Japan warned that it could retaliate against sanctions in a dispute with Washington. Page 9.

Bridge

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Seles Is Flown To U.S. After Knife Attack

By Ian Thomsen
International Herald Tribune

HAMBURG — Monica Seles, the world's top-ranked woman tennis player, was released from the hospital Sunday and flown to the United States, two days after she was stabbed during a tournament match by an East German man who wanted her fellow German, Steffi Graf, to replace her in the rankings.

The Women's Tennis Association said Sunday that Seles' attacker would not be granted a visa to enter the United States, at least not immediately. Seles, who received a 1.5-centimeter (one-half-inch) wound between her shoulder blades, was awarded her current points average of 332.2133 this week, rather than the 60.5 points she would have received for not being able to finish the quarterfinal match of the Citizen Cup, since she had to be rushed away by stretchers.

Graf is a distant No. 2 in the rankings, with a weekly average of 299.9852 points. No further adjustments will be made in the rankings, the WTA said. The 19-year-old Seles, making a comeback last week after missing two months with a viral infection, is not expected to be able to play again for at least a month.

She will probably miss the French Open, the year's first Grand Slam tournament, of which she is the three-time defending champion. It starts May 24; Graf could replace her as No. 1 following that tournament.

In Paris, Christian Bines, the new president of the French Tennis Federation, said that security will be reinforced for the players in the French Open.

In Rome, officials of the women's Italian Open said extra police will be at court-side for the clay court tournament that begins Monday.

Graf, who left the hospital in tears after visiting Seles on Saturday, lost to No. 3 Arantxa Sanchez Vicario, 6-3, 6-3, in Sunday's final of clay-court tournament. It was the 23-year-old German's first loss in 33 matches in Hamburg, where she had been trying to win the WTA tournament for a record seventh consecutive year.

Seles, in a statement before leaving Hamburg, said that "I want to thank all that



Steffi Graf on Sunday during her losing effort in the final of the Hamburg Open.

people here who have helped me over these last few difficult days. The greetings and the best wishes I received from so many people are a great support to me, and I want everyone to know how much it means to me and how much it has helped."

Players and tournament officials predicted that the psychological damage of the attack would affect her more than the physical wound. The police announced that Günter Pasche, 38, a lathe operator from the state of Thuringia in Eastern Germany, had been charged with attempted murder.

According to the police, he made "an insane impression" during two hours of ques-

tioning Friday night. The police said he has been planning his attack on Seles for his time before stalking her at this tournament.

Seles was stabbed during a changeover in her match against Magdalena Maleeva of Bulgaria, which Seles was winning, 6-4, 4-4.

Her seat was separated from the stadium grandstand only by a thin wall about 0.5 meter high. A guard stationed in the audience near Seles said he had thought nothing of a balding man approaching along the bottle row. But the man turned and, from a hidden under his clothing, suddenly pull

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In South Africa, Specter of White Exodus

By Paul Taylor
International Herald Tribune

JOHANNESBURG — For a man whose business has never been better, Tom Anslay cannot remember feeling worse.

His international moving company has been getting 100 phone inquiries a day — twice the normal number — since the assassination of the black leader Chris Hani on April 10 gave South Africa its worst bout of nerves in years.

"It's a sad state of affairs," said Mr. Anslay, 50, a fourth-generation South African who has never emigrated but said he was "desperately" afraid that his grown daughters would leave.

Some of the callers don't even want us to come out to their homes to give an estimate," he added. "They want a quote over the phone and

a moving date as soon as possible. You can hear the panic in their voices."

White South Africans have a name for this behavior: They call it a "chicken run." They have seen it before, after the Sharpeville massacre in 1961, the Soweto uprising in 1976 and other turbulent milestones in the apartheid era.

It is too early to tell whether this latest run — touched off less by Mr. Hani's assassination than by the intimations of anarchy in the ensuing black demonstrations — is a passing fright or the start of a long-term flight.

But the specter of a white exodus already occupies a central place in the country's transition to black-majority rule. Politically, it operates as a blend of threat, bluff and bargaining chip. Psychologically, it is a hedge, a safety valve and a profound human dilemma.

The rule in much of the rest of Africa has

been that when blacks take power, white colonizers take their leave. South Africa, however, is different. Whites arrived in the 17th century as settlers, not colonists. They have been in the country nearly as long as whites have been in North America.

Although they got the politics famously wrong, they built the most sophisticated economy on the continent. They now are hoping to remain economically indispensable even after they become politically disposable.

"To whites, we say we want you to stay, we need your skills," Nelson Mandela, the African National Congress leader, said last week, amid reports of white flight.

Immigration has outpaced emigration in South Africa throughout the apartheid era, except during a few of the most turbulent years.

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NATO's New Look: U.S.-German Units The Closest Melding Ever Of GIs and Allied Troops

By Joseph Fitchett
International Herald Tribune

PARIS — The just-completed reorganization of NATO forces will help reassure Russia and other East European countries by integrating German ground forces into alliance army corps. Western officials said over the weekend.

Under the agreement, the United States will split its ground troops in Europe into a pair of U.S.-German army corps, including one under German command. The result will interlock Germany's armor and infantry forces more closely with allied units for planning and combat.

"In Germany, we don't have any national army corps any longer," said Commander Jürgen Kratzmann, a Defense Ministry spokesman in Bonn. "It means that we are always with someone else in our military preparations."

While the European force's relationship with the North Atlantic Treaty Organization is still untested, the U.S. German units mark "the closest degree of integration that we have ever attained with an ally," a U.S. officer said.

Because of German political problems about sending troops outside the alliance's own territory, NATO announced that the reconfigured U.S.-German corps would be assigned "primarily" to the central front — in effect, Germany.

But closer U.S. ties could help German forces practice greater combat mobility and closer coordination between ground troops and air power.

By melding U.S. forces into the German lineup, alliance officials said, they may gain more political acceptability in the eyes of German opinion and the U.S. Congress — and thus stand a better chance of keeping the strength of two divisions that most experts consider a minimum.

Beyond the U.S. aspect, "the real significance of this move is that it seals the new overall NATO Concept," according to Lieutenant Colonel Dick Bridges, a U.S. military spokesman.

For NATO, the attraction of multinational units is political: small European countries, such as Denmark and the Netherlands, no longer have enough troops for modern warfare unless they can join an allied unit reaching corps strength.

Across Germany, NATO's shrinking ground forces have been recast into five army corps, all multinational. They include a German-Dutch-British corps, the German-led corps with a U.S. division and the U.S.-led V Corps.

NATO also has a highly mobile rapid-reaction corps designed to snuff out any threat on Europe's periphery. British-led, it can contain up to four divisions drawn from a pool of units offered by 10 allied nations, including the two U.S. heavy divisions in Germany.

Costly Anti-Clot Drug Outdoes Cheaper Rival

WASHINGTON — Heart attack patients who get the dot-dash drug TPA in a rapid dose within six hours of their symptoms have a greater chance of survival than patients who get the much less costly drug streptokinase, a new study has shown.

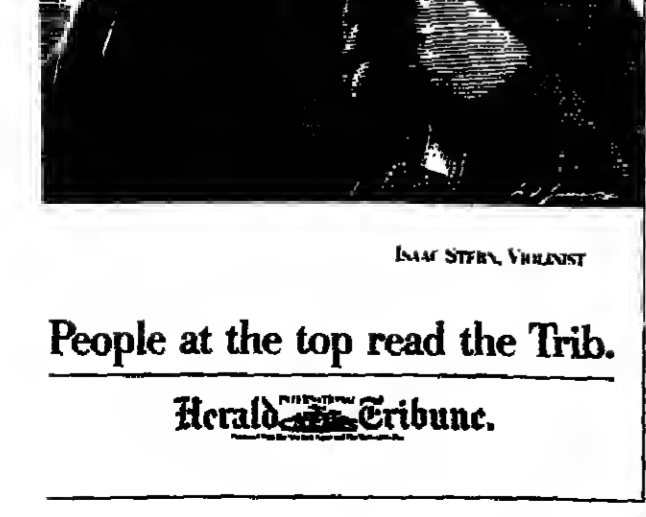
The magnitude of TPA's advantage — about 10 lives saved per 100 patients — is not dramatic, but it is probably large enough to make many physicians consider using the more expensive drug, which is being falling out of favor in recent years.

For nearly a decade, streptokinase and TPA have been engaged in a war for the title to "drug of choice" in acute myocardial infarction.

A human protein whose full name is tissue plasminogen activator, TPA costs about \$2,400 per dose. Streptokinase, which is made from *Streptococcus* bacteria, costs about \$400.

This was the first of several recent large clinical studies to show a marked advantage for TPA. Although the new findings are unlikely to end the argument, some doctors already believe they will tip the balance toward TPA.

"A doctor does not make his decision based on price," said William Ganz, a cardiologist at the University of California in Los Angeles who was not connected with the study. "If we can say that TPA is better, then we have to give it."



Isaac Stern, Violinist

People at the top read the Trib.

Q & A: Europe and the U.S. TV Market

As the new European commissioner for cultural and audiovisual policy, João de Deus Pinheiro inherits the task of bolstering European film and television production against a tide of American imports. Mr. Pinheiro, a former foreign minister for Portugal who took over the EC post in January, spoke with Richard Covington in Cannes.

Q. How do you see the quota system changing?
A. I don't. Unless a politician in Europe wants to commit political suicide, he would not put forward any proposal that would diminish quotas. In the short term, I repeat, and I insist on this, that it's not because of trade reasons. On the contrary, I can see some pressures on us to harden our position.

Q. How would you go about redressing the imbalance and bringing more European programs to the United States?
A. It's difficult for the U.S. government to make commitments, I realize that, because the organization is based on networks, studios — it's nongovernmental. It has to do with persisting, not wanting an overnight change, trying to produce more and better programs in Europe so that they become interesting to American broadcasters. But we must realize that it's difficult for European products to penetrate the U.S. market.

Q. Why is that?
A. To some extent, it's similar to the difficulty U.S. companies have in penetrating the Japanese market because of the tradition, culture, the organization of commercial distribution. You've got to be able to adapt to the U.S. market and to have some inside help. We should not allow the idea to develop that American products are not welcome in Europe. On the contrary, we welcome them and we like them very much. There is room for the expansion of the trade from the U.S. to Europe because we are expanding here with more networks, more program hours to fill. If you bear that in mind, you realize you have many more reasons to cooperate rather than looking for interstitial problems that would blow up into a war.

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Q. What difference would lifting quotas make to the television and film producers in Europe?
A. I don't think it would make that much difference. The overall environment would not change even if you change the rules now. It's a very sensitive issue at the moment, this issue of national heritage, national culture, diversity, it's highly sensitive. In the EC Commission, we have tried to soften this kind of argument because we think it's in our own interest, as well as the interest of the United States, not to allow this to become another contentious issue. In our market, roughly 70 percent of our fiction is of U.S. origin, whereas in the United States, only 2 percent is of European origin. The imbalance is absolutely huge. So you can understand the pressure of European producers for a more balanced situation.

Q. What kind of pressure could you bring on the United States to open the markets to European producers?
A. I think that pressure should be through dialogue, incentives to our own producers to try to get to know how the American market works. Sometimes they are so small they have difficulties in trying to go by themselves. That is where the European Community can be of some assistance.

Q. Would you be prepared to withdraw some subsidies to European production in return for the ability to introduce television and films into the American market?
A. We know now that digital HDTV is the future and are no longer pursuing analog transmission. Therefore we will start creating the incentives for the production of wide-screen HDTV, otherwise in the future you might have the television but not enough products to show. The idea is to accelerate these projects as much as possible.

Q. Do you see a liberalization in media ownership in Europe?
A. Oh yes, there is a quite clear trend. This is a good move. Personally, I don't believe in public TV chains.

Q. You don't believe in public TV?
A. No, I do not. Can you describe what a public service is? I cannot. The reason public chains appeared was that the initial capital costs were very high and the venture was not sure. So the only way it could come out was through the state, but not anymore.

Q. Can you think of an example where the EC would help finance a private chain?
A. No, no, no, that's something that's absolutely out of the question. The producers we support are very small and the money is so low if I mention it you would laugh. The most that we have for an association of 16 to 18 producers is \$1 million Euros. This is really ridiculous, especially when you think they are producing on the average 30 hours each of television time. This covers 7 percent or less.

Q. How does the EC plan to support High Definition TV?
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Police Cite Tamil Link In Killing Of President

By Molly Moore
Washington Post Service

COLOMBO — Sri Lankan police officials on Sunday blamed the rebel Tamil Tigers for the May Day bombing death of President Ransinghe Premadasa, asserting that investigators found a fragment of a trademark cyanide capsule embedded in the neck of the suicide bomber.

The guerrilla forces, which for a decade have been battling Sri Lankan government forces in trying to form a separate state, requires its members to wear a cyanide capsule around their necks, to be swallowed if they are captured by government forces.

"Gruesome news photos of the bombing that killed Premadasa and 23 others during a May Day parade raise questions as to whether enough of the bomber's body remained intact to make such a finding. The police refused to say whether they had any other concrete evidence linking the group to the assassination.

The Liberation Tigers of Tamil Eelam, who have taken responsibility for a series of suicide bombings in Sri Lanka over the past several years, have denied any role in the death of the 68-year-old president.

"The LTTE is the prime suspect," Lionel Gunatilleke, director of the Colombo Detective Bureau said during a press conference. But he offered little elaboration.

Mr. Gunatilleke said police authorities also believed that the rebels were responsible for the shooting death of Mr. Premadasa's chief political rival, who was killed by a sniper during a political rally last week. The deaths of Mr. Premadasa and the opposition leader, Lalith Athalathmudali, have left this small island nation rudderless.

Other officials have blamed both deaths on political rivalry, implicating Mr. Premadasa in his opponent's death and charging Mr. Athalathmudali's followers with seeking revenge against the president.

While the minority Tamils, who are mainly Hindus battling for a separate state in the north and east, were willing at times to negotiate with Mr. Premadasa, the president is believed responsible for squeezing the Tamil Tigers into the northern end of the island. The Tamils, who constitute a majority of the population, claim they are discriminated against by the Buddhist Sinhalese.

The police said they believed that the bomber, who had strapped explosives to his body, was within five feet of Mr. Premadasa when the blast occurred.

Mr. Premadasa's majority party selected Prime Minister Dingiri Banda Wijetunge, 71, as its candidate for president in elections that Parliament must hold within the next 30 days. Mr. Wijetunge was sworn in earlier.



President Ransinghe Premadasa saluting the crowd in Colombo just before he was assassinated.

400 Deportees End Protest

Palestinians Return to Tent Camp After 6-Day Face-Off

REUTERS
MARJ AS ZOHOUR, Lebanon — Nearly 400 cold, rain-soaked Palestinian deportees ended a six-day sit-in Sunday on a strip of road facing Israeli tanks in southern Lebanon.

The Palestinians called off their protest against Middle East peace talks, which resumed in Washington on Tuesday. They said they were considering new steps to draw attention to their plight.

"The deportees spent six nights at the sit-in facing Israeli forces in stormy weather," said a deportee leader, Abdulaziz Rantisi, as the last group of men trudged back to their tent camp, two kilometers north of the protest site.

Israeli troops fanned across the hills overlooking the sit-in site and watched the retreat through binoculars.

■ Optimism at Talks
Steven A. Holmes of The New York Times reported from Washington:

A series of Israeli concessions has stirred optimism among Palestinian delegates after the first round of resuscitated peace talks.

Among the concessions, which the Israelis call confidence-building measures, were decisions to allow a leading Palestinian from East Jerusalem to join the Palestinian delegation and to allow re-entry to a group of Palestinians who had been banned from the occupied territories.

Kuwait to Dig a Trench All Along Its Iraq Border

By Youssef M. Ibrahim
New York Times Service

RIYADH — Kuwait will dig a 200-kilometer ditch along its entire land border with Iraq, primarily to discourage infiltration by Iraqis but also to symbolize the depth of the political and emotional rift between the two governments that resulted from the Iraqi invasion of Kuwait in August 1990 and its seven-month occupation.

The move, recommended by the minister of defense, Sheikh Ali al-Sabah as Salim al-Sabah, was approved by the cabinet last week and announced by a parliamentary deputy, Ahmad Bager, on Sunday. Mr. Bager said the 120-mile-long ditch will be 3 meters deep and 5 meters long, will extend along the entire border and will be topped on the Kuwaiti side with sand hills that will rise 4 meters.

The project was adopted after Kuwait announced that a group of Iraqis had infiltrated by car across the open border to Kuwait last month to attempt the assassination of former President George Bush, who was then visiting Kuwait. Authorities said all the group had been arrested and would be tried.

The plotters allegedly included Kuwaiti residents of Iraqi origin as well as Iraqis who arrived from across the border, underlining the ease with which cars can move between the two countries across the desert.

The Kuwaitis said they seized two cars loaded with explosives and rigged to be blown up with remote-control devices.

Observers said that the ditch-building project seemed to have full support from most Kuwaitis, even from those who once favored closer ties with all Arab nations, and from leftist groups.

Repeated attempts to persuade Kuwait and other Gulf Arab countries, including Saudi Arabia, to renew friendship with Iraq and its Gulf War supporters such as the Palestinian Liberation Organization have failed. Arab leaders such as King Hassan II of Morocco and Secretary-General Esmat Abdel Meguid of the Arab League have failed to persuade Kuwait to deal with Iraq as long as Saddam Hussein remains president.

WORLD BRIEFS

Extremists Attack Twice in Germany

DRESDEN (AFP) — Extremists attacked an Ethiopian refugee in Dresden and three police officers in the town of Oscherleben to separate incidents, the police said Sunday.

In Dresden, 18 neo-Nazis assaulted a 25-year-old Ethiopian on Friday evening. The Ethiopian, who suffered head injuries, was rescued by the police, who were alerted by a passer-by. The 18 youths were arrested, the police said.

In Oscherleben, about 30 extremists attacked three police officers who were called to quell a disturbance in the town center, the police said. The officers were assaulted with fists and baseball bats before colleagues, alerted by radio, reached the scene. Five of the attackers were arrested, the police said.

Gains Cited in Treating Colon Cancer

CHICAGO (Reuters) — Researchers said Sunday that they were nearing major breakthroughs in the treatment of colon cancer, with common aspirin as one potential weapon.

"The research is about to move from esoteric gene jockeying to very practical treatments," they said in a report issued at the annual convention of the American Society of Colon and Rectal Surgeons. "It now appears possible to modify the growth of colorectal cancer cells — a process that once seemed irreversible." The report was written by C. Richard Boland of the University of Michigan Medical Center.

Aspirin may be one key to stopping the growth of such cells, said Dr. Boland. But, he added, "aspirin can be toxic, and we still need to find out how much is the right amount. We will soon know how to stop the growth of cancerous polyps in the colon and how to manage patients after cancerous growths have been removed."

Angola Rebels Keep Control in North

SAO TOME (Reuters) — The Angolan rebel movement UNITA said Sunday that there had been heavy fighting in N'Dalaindo, but added that it still controlled the northern city.

UNITA radio, monitored in the nearby island state of Sao Tome and Principe, said government troops had tried to recapture the city, the capital of Kwanza Norte Province, and continued to shell it with artillery. The radio reported that 30 people were killed and hundreds wounded, and that many of the casualties occurred among civilians.

Thailand Warns Against Incursions

BANGKOK (Reuters) — Thai troops are prepared to strike back if fighting between rival factions in Cambodia again spills over into Thailand, a senior army officer told The Nation on Sunday newspaper.

The commander of Thailand's task force for development of border areas, Issara Vajiraprasit, said soldiers in the area were on the alert and ready to fight to prevent damage to Thai property and threats to villagers along the border. Mortar shells from Khmer Rouge guerrillas landed on the Thai side of the border at the town of Aranyaprathet on Friday, sending villagers fleeing for safety.

Witnesses said about 18 shells exploded in fields near the markets and former railroad stops in Aranyaprathet and Poipet, the Phnom Penh government-held town across the border. No one was hurt. An investigation by Thai soldiers and United Nations peacekeepers in Cambodia concluded that the shells were fired by the Khmer Rouge against approaching Phnom Penh forces, the paper said.

Yemen Opposition Accepts Vote

SANA, Yemen (AFP) — The Yemen Socialist Party announced Sunday that it accepted the results of the country's first multiparty legislative election despite charges of voting irregularities from some party members.

A spokesman for the party, which has shared power with the General People's Congress of President Ali Abdullah Saleh since North and South Yemen were united in May 1990, described the Tuesday elections as a "victory for democracy and the people."

Some Socialist Party members had charged that there were voting irregularities. According to the country's Election Commission, the Socialist Party, which governed South Yemen before unification, won 56 of the legislature's 301 seats. General Saleh's party captured 121 seats and the Islamic party, Al Islah, won 62. It was the first multiparty legislative election in Yemen.

TRAVEL UPDATE

British Airways cabin crews went on strike Sunday at Gatwick Airport south of London to protest the airline's plan to transfer some routes to a subsidiary company. A British Airways spokesman said about 4,000 passengers on flights to France, Denmark, Portugal, Germany, Switzerland and Italy were affected. About half were bused to Stansted Airport north of the city to take other British Airways flights; the rest traveled on other airlines from Gatwick. (Reuters)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Bahrain, Japan, Poland, Serbia, Thailand.
TUESDAY: Japan, Namibia.
WEDNESDAY: Burma, Japan, South Korea, Mexico, Sri Lanka, Thailand.
THURSDAY: Indonesia, Malaysia, Philippines, Singapore, Sri Lanka, Syria.
FRIDAY: Denmark.
SATURDAY: Czech Republic, France, Monaco.

Sources: J.P. Morgan, Reuters.

AMERICAN TOPICS

How Frequent Flyers Invited Tax Inquiry

Frequent flier mileage awards are subject to income tax. This is the official position of the U.S. Internal Revenue Service. However, Carla Lazzareschi reports in the "Money Talk" column of the Los Angeles Times, "the IRS's unofficial, not-for-attribution position is that this is a sensitive, complicated area of the law that is not currently being enforced with all the muscle the IRS could bring to the matter if it chose."

Ms. Lazzareschi says the agency "quietly admits that it's all too complicated to unravel, given the existence of more pressing tax issues." However, the agency is going after several people in Florida, not because they accumulated frequent flier miles like thousands of others, but because they were "selling their mileage back to their employer for cash, which they then failed to report as income on their tax forms."

Why should employers buy back frequent flier mileage based on tickets they paid for in the first place? Because, Ms. Lazzareschi notes, "for the most part, businesses do not require their employees to give back the mileage awards they get on business travel." Citing Randy Peterson, publisher of Kinky Flyer magazine and an authority on frequent flier programs, she says that "the prevailing sentiment among businesses is that these awards are 'intangible perks' that employees who spend a lot of time on

Short Takes

After an increase in terrorism in 1991, the number of international terrorist incidents in 1992 dropped sharply, to their lowest level in 17 years. The State Department's annual report, "Patterns of Global Terrorism," listed 361 terrorist incidents last year, down 36 percent from 567 in 1991. The report named Iran as "the most dangerous sponsor of terrorism in 1992."

It said Iran was responsible for more than 20 attacks, including the year's most lethal, the March 17 truck bombing of the Israeli Embassy in Buenos Aires, which killed 29 people. The report covers 1992 and does not include this year's incidents, such as the bombing of the World Trade Center in New York on Feb. 26, which killed six people.

The profile of a typical Peace Corps worker has changed because of the demand for entrepreneurial experience in Eastern Europe and because more volunteers are deciding to stay in. In 1963 the average age of Peace Corps volunteers was 22. Now the average volunteer is 30. "In the '60s we were looking for more generalist volunteers," a spokeswoman told The Washington Post. "These were the people right out of liberal arts colleges." Today, she said, the situation is different. "The volunteer we sent over to Russia in 1990 had an average age of 41. They requested volunteers with at least five years' business experience or a master's degree in business administration."

Arthur Higbee

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STATESIDE / AFTER WACO

★ POLITICAL NOTES ★

Health Care Debate Looks at Price Controls

WASHINGTON — Hillary Rodham Clinton said the administration's policy of voluntary, short-term price controls for the health industry — but backed up by mandatory federal controls that would go into effect if doctors, hospitals, drug makers and insurers failed to limit price increases to a negotiated level.

The administration is "working with the provider groups and they believe voluntary price controls are preferable and could in fact work," said Senator Bob Kerrey, Democrat of Nebraska, after a meeting Mrs. Clinton held with 52 senators over overhauling the health care system. "Providers who had not been eager to come to the table have become clear-eyed, understanding that if they don't, something worse could happen."

Administration officials said no final decisions on the politically explosive question of short-term controls had been made, but many senators who attended the bipartisan meeting said Mrs. Clinton was "fairly definite," as Senator Paul Simon, Democrat of Illinois, put it, about the decision to negotiate voluntary measures with providers.

Under the voluntary-control scenario, the government, in consultation with industry, would determine a maximum rate at which health-related prices could increase in a given year. Providers would be given a fixed amount of time — perhaps one or two years — in which to limit price growth. Legislation would be enacted that would put mandatory controls in effect if voluntary measures failed within the specified time period. (WFP)

From White House, a Signal on Civil Rights

WASHINGTON — In a major civil rights initiative, the Clinton administration argued to the Supreme Court that a civil rights law enacted in 1991 should apply to discrimination suits that were pending when the law was passed.

The new position, set forth in a brief filed with the Supreme Court in two pending cases, represents an abrupt reversal of the view pressed on the justices by President George Bush. Justice Department officials say it is emblematic of how different the new administration's approach to civil rights will be.

If the high court accepts the administration position, thousands of women and minority members will find it easier to win damages for claims they have brought based on discrimination that they experienced before 1991. (NYT)

Quota/Unquota

"I will say to the gentility, for whom I have the greatest respect, I would hope that she or any other member not try to cut off another member when a serious matter like this is trying to be resolved here in the proper House." — What Representative Gerald Solomon, Republican of New York, said to another representative, as edited by Mr. Solomon for the Congressional Record.

"You had better not do that, ma'am. You will regret that as long as you live." — What Mr. Solomon actually said. (AP)

Reno After Her Trial by Fire Attorney General Strengthened by Cult Fiasco

By David Johnston
New York Times Service

WASHINGTON — President Bill Clinton stopped by the Justice Department to praise her girl. A friend from her undergraduate days at Cornell sent yellow flowers with a card, saying, "Hang in there, Janet." And at a speech, an employee held up a sign echoing the attorney general's sister in Florida, who had called on the night of the Waco fire to say, "That-a-girl."

Two weeks after presiding over the FBI's ill-fated tear-gas assault on the Branch Davidians near Waco, Texas, Ms. Reno seems to have emerged not only unscathed, but also with her recognition and popularity enhanced.

The failed operation seemed to shore up what had been a weak position in the administration. A Washington outsider without national recognition or longstanding ties to the president, she was Mr. Clinton's third choice for the job. Her independence from the White House was uncertain as she faced a tough decision about the future of the FBI, which was in turmoil over the ethical problems of its director, William S. Sessions.

The assault, which was intended to save lives but ended with the deaths of scores of cult members, suddenly gave Ms. Reno a national stage, which she seized. Her plain-vanilla style and unstudied demeanor seemed to connect with ordinary Americans, and she was cast in a sympathetic light as someone who tried to deal peacefully with a zealot, David Koresh.

Suddenly, Ms. Reno has vaulted to a position of prominence. In an administration still trying to find its level, defending its competence and battling Congress, she has become a prized asset, a popular figure whose candid, caring tone has neutralized critics.

Peter Hart, an opinion researcher, noted that nearly 80 percent of those asked in one of his surveys had said she should not resign and supported her decision, 3 to 1.

"Boris Yeltsin should wish for those numbers," said Mr. Hart, who has concluded that Ms. Reno and Interior Secretary Bruce Babbitt are the surprise stars of the Clinton cabinet.

"I take it all with a grain of salt," Ms. Reno said recently. "I didn't do anything special. Everybody else could have gone through exactly the same process I did about Waco, and I don't think it's a special thing to try to be accountable to people and answer their questions."

Aspin Fires General in Cargo Plane Shake-Up

By John Lancaster
and John Mintz
Washington Post Service

WASHINGTON — Defense Secretary Les Aspin has dismissed a top U.S. Air Force general for mismanaging development of the C-17 cargo plane, moving to assert control over one of the costliest and most troublesome items in the Pentagon's purchasing budget.

The C-17, built by McDonnell Douglas Corp. in Long Beach, California, is designed to carry tanks and other heavy equipment to undeveloped airfields and was supported by President Bill Clinton during his campaign last year. Several Pentagon officials described the disciplinary actions as a "sacrifice" aimed at appeasing congressional critics.

Mr. Aspin directed that Major General Michael J. Butchko Jr., 53, be relieved as commander of the Air Force Development Test Center "based on his performance when he was the C-17 system program director." Mr. Aspin also disciplined two other generals and a civilian official for their roles in the development of the transport jet, which has been plagued by cost overruns and structural problems such as cracking wings.

The public rebuke of senior military officers by a civilian defense secretary is rare but hardly unprecedented. Mr. Aspin is seeking to establish his authority after a rocky beginning characterized by missteps and confusion about the administration's plan to lift the ban on homosexuals in uniform. He also has been saddled with a reputation, rooted in his former role as chairman of the House Armed Services Committee, as an amiable policy intellectual who never dismisses anyone and has untested management skills.

The administration has cited the C-17 as essential to its plans for highly mobile forces able to respond quickly to distant crises.

But congressional critics looking for post-Cold War defense savings have made a favorite target of the C-17 program, which is already more than \$1.3 billion over budget and two years behind schedule. The air force hopes to build 120 of the planes at an eventual cost of \$40 billion.

The Trib Competition: Some of the answers

The Louis Harris organization finishes its special poll on Tuesday to measure public approval of President Bill Clinton after his first 100 days in the White House.

The Harris Poll figures, available in a few days, will be used to determine the winners of the Trib Competition. The reader who came closest to matching the Harris finding stands to win a round-trip, Paris-New York, on the Concorde.

In the event there is more than one correct forecast among the more than 5,800 responses, the overall winner will be decided on the basis of answers to three tie-breaking questions: predicting the Dow Jones industrial average at closing on April 30; Mr. Clinton's 100th day; the Trib index the same day; and the value of U.S. dollar in Deutsche mark or yen at the 4 P.M. close in New York on April 30.

Awaiting the Harris Poll outcomes, here are the results of the tie-breakers.

Trib index close April 30	100.95
Dow Jones close April 30	3,427.55
Dollar/Mark close (N.Y.) April 30	1.586
Dollar/Yen close (N.Y.) April 30	117.16

Clinton Outlines a Plan To Alter College Loans

By Thomas L. Friedman
New York Times Service

NEW ORLEANS — President Bill Clinton has outlined a plan to overhaul the way Americans pay for college, offering students up to \$10,000 for college or vocational training in return for two years of community service. He also would change the student loan program to allow students to borrow money directly from the government.

Mr. Clinton unveiled the aid program to a audience of students Friday at the University of New Orleans. He said that, if adopted, it would "revive America's commitment to community and make affordable the cost of a college education for every American."

He said his National Service Trust Act would be to the 1990s what the GI Bill was for the 1950s and the Peace Corps for the 1960s.

If Congress passes the bill this year, Mr. Clinton said, the program can start in 1994. The National Service budget calls for \$400 million in 1994, which would cover about 25,000 community service jobs, rising to \$3.4 billion a year for 150,000 participants in 1997.

They would do minimum-wage jobs in education, the environment, public safety and human services. On top of their wages, about \$8,500

a year, they would get \$5,000 a year to repay college loans or otherwise pay for education and training.

The other major component of the aid program, to be introduced as a separate bill, is direct student loans from the federal government. Such loans are now guaranteed by the government but made by banks. Mr. Clinton said direct aid would eliminate bank profits, making loans available at lower rates.

In 1992, banks made \$13.6 billion in federally insured student loans. The government would raise the money it lends from the bond market, not from taxes.

The legislation will include a proposal to allow graduates to repay tuition loans at a monthly rate linked to their income, thereby reducing defaults and encouraging graduates to take low-paying community service jobs.

Administration officials said they were cautiously optimistic that the plan would have bipartisan support in Congress, but early reaction was mixed.

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Auto Workers' Survival Tactic As Big 3 Talks Near, Union Focuses on Avoiding Layoffs

By Louis Uchitelle
New York Times Service

NEW YORK — Unable to stop layoffs and plant closings, the United Auto Workers are preparing for contract negotiations with the Big Three automakers with a major shift in policy.

More than ever before, this flagship of the American union movement is focusing its attention on keeping its current, aging members on full salary and benefits until they retire — rather than preserving the jobs for successive generations.

The strategy, clearly visible at a UAW conference last week, is critical for survival, the union leadership says. But some union officials and members say the new approach, and a willingness to bend traditional union goals in other areas, could end up destroying the union rather than saving it.

The debate between union leaders who consider themselves flexible and willing to adapt to the automakers' needs and those who prefer a more traditional militancy makes the UAW a testing ground for organized labor. That is happening just as the Clinton administration says it is willing to help unions regain some of their old powers.

"The unions, and the UAW in particular, are searching for a combination of laws and union power that will say to business, 'You, business, will have to pay good money to your workers, so you will have to figure out a way to make them productive enough to be worth the money you are compelled to pay them,'" said Paul Weiler, a labor law expert at Harvard University.

From its birth in 1935 until the 1980s, the UAW gained for its members a middle-class prosperity. But in recent years that prosperity has eroded, and the union has lost more than one-third of its members.

Unfavorable decisions by the National Labor Relations Board have diluted some union bargaining power. And no contract has been ever prohibited General Motors, Ford or Chrysler from closing

plants or shrinking the work force, although the current contract does provide full pay for laid-off workers.

The International Union, United Automobile, Aerospace and Agricultural Implement Workers of America — the UAW's formal name — now represents 900,000 people, down from 1.5 million in 1979. Half are auto workers, with the rest in aircraft and weapons making, earth moving and agricultural equipment, university and government employment, banking and journalism.

"Almost everywhere union members are struggling to regain power and a greater say in the practices of the companies that employ them — but often through tactics that UAW dissidents call too mild to get results."

"Since we entered into the first so-called partnership in 1982, forming union-management efficiency committees, we have lost over 50 percent of the jobs that we were supposed to be saving," said Jerry Tucker, who in 1987 founded New Directions, a UAW dissident organization that has fewer than 5,000 members.

"The company will come and say, 'We can get the instrument panel built cheaper somewhere else,' and the union will say, 'That will cost 100 jobs,'" Mr. Tucker said. "The company will say, 'Wait, aren't we in this together? If we don't amputate to save the central operation, there won't be any jobs left at all.'"

Nowhere is the struggle between militancy and flexibility more evident than in the priorities the UAW has announced for its negotiations with the Big Three, which begin next month.

Topping the list — more important than wage increases — is the union's demand that the companies replenish multibillion-dollar funds that since 1990 have kept laid-off workers on full pay, with benefits.

The union's goal is to make it uneconomical for the auto companies to lay off workers; General Motors, which has announced



MUSIC TO ORBIT BY — The astronaut Ellen Ochoa playing her flute aboard the space shuttle Columbia. The astronauts began a nine-day research mission on April 26.

Away From Politics

- Fossil microorganisms discovered in Australia prove that life was already thriving and diversified 3.485 billion years ago, which leaves a much narrower window than previously thought for life to have evolved naturally on Earth. The microorganisms are more than 1.3 billion years older than any comparable fossil group ever found. The finding could focus more attention on the hypothesis that life originated elsewhere in the universe before reaching Earth.
- Electric power lines above a San Diego home did not cause the cancer suffered by a 5-year-old girl, a jury ruled in a case believed to be the first involving charges that electromagnetic fields caused a disease. The verdict absolved San Diego Gas & Electric Co. of responsibility for Mallory Zuidema's illness.
- Utah's latest restrictions on abortion have been blocked by U.S. District Judge Dee Benson, who issued a temporary restraining order and said he would hold a hearing before the period expired. Attorneys for the Center for Reproductive Law & Policy had argued that Utah's new 24-hour waiting period and informed-consent provisions for women seeking abortions would keep many from obtaining safe, legal abortions.
- Cancer-causing emissions from cars are decreasing because of smog regulations but are likely to pick up again in the next century as the number of cars increases, the Environmental Protection Agency said. An agency study found that cars account for half the cancer deaths caused by toxic air pollution.
- A federal appeals court in New York threw out the order forbidding all lawyers in the World Trade Center bombing case from discussing it outside of the courtroom, ruling that the order curbed their free-speech rights unnecessarily. The court held that the order imposed last month by Judge Kevin Thomas Duffy was overly broad and insufficiently justified.
- A decorated soldier who disclosed his homosexuality during last weekend's gay-rights march on Washington was told by his superiors upon his return to San Francisco that he would be discharged from the army because his presence violates the military's ban on homosexuals. Sergeant Jose M. Zuniga won a medal for his service as a combat medic in the Gulf War. (AP, NYT, LAT)

2 Front-Runners to Vie For Texas Senate Seat

Los Angeles Times Service

HOUSTON — In what boiled down to a preliminary bout to narrow down a crowded field, the two front-runners in a special U.S. Senate election in Texas made a strong showing and advanced to a runoff.

Robert Krueger, a Democrat appointed in January by Governor Ann Richards to fill the Senate seat left vacant when Lloyd Bensten was named Treasury secretary, and Kay Bailey Hutchison, a Republican who is state treasurer, finished atop the field of 24 candidates. Mr. Krueger had 30 percent of the vote. Mrs. Hutchison 29 percent. The runoff is expected about a month from now.

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Saturday, 15 May
Room 9 at 11.15 a.m. & 2.15 p.m. COLLECTION: DR. P.F. GACHET, PRINTS from various schools of the XVII Century to the Impressionists. IMPORTANT ENSEMBLE OF DRAWINGS by Louis VAN HYSSLE. On view exclusively at the Auctioneer's office: Monday 10 May to Thursday 13 May from 10 a.m. - 1 p.m., & 2 p.m. to 6 p.m., Friday, 14 May from 10 a.m. - 1 p.m. Catalogue on request at the Auctioneer's office: FF. 120, 44th postage FF. 140 LOUDMER 7, rue Rossini, 75009 Paris. Tel: (1) 44.79.50.50. Fax: (1) 44.79.50.51.

THIS MOTHER'S DAY I'LL BE HALF A WORLD AWAY.

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INTERNATIONAL Herald Tribune

Slow Economic Results

Around the beginning of this year the American economy skipped back into second gear. That is a disappointment after the strong expansion in the second half of 1992...

Go On, Clean Up Italy

Italy has a spanking-clean new government with a popular mandate to purge Italian politics. But, as Prime Minister Carlo Azeglio Ciampi takes office...

Reforming After Waco

If anything redeems the Texas disasters — the killing of four Treasury agents and the fiery deaths of scores of cultists and their children — it may be that the government's scattered law enforcement machinery will finally be suited for competition and coherence...

Other Comment

Don't Put Hope in Europe As atrocity has followed atrocity in Bosnia and the United States has seemed by painful steps to be moving toward military engagement there...

50 Years of European Progress



WARSAW 1943



SREBRENICA 1993

For East and West, East Europeans Need Security

OXFORD, England — A meeting on how to aid the new democracies of the ex-Communist and Third Worlds, held at Ditchley Manor, near Oxford, has left this writer with the conviction that solving the security problem in Eastern and Central Europe is crucial to the defense of democracy there...

The Serbs, Too, Have Security Worries

By Stephen S. Rosenfeld

WASHINGTON — There is a small but potentially crucial element of diplomacy missing from the West's approach to Yugoslavia. The element of broad Serbian rights has been only poorly grasped.

An Old Skill Is Transforming China

By Ramon H. Myers

BEIJING — Since the visit by Deng Xiaoping to China's southern provinces in January 1992, state enterprises, cooperatives, government agencies and the Communist Party have "plunged into the sea" by establishing service and manufacturing industries to enhance their income...

Spell Out The Goals In Bosnia

By Leslie H. Gelb

NEW YORK — It looks as if President Bill Clinton has mercifully abandoned his search for the immaculate conception on Bosnia. He now seems to realize that there is no policy for Bosnia that can miraculously roll back Serbian aggression without risking an American life...

Unless he has third thoughts, Mr. Clinton has decided to bomb Serbian forces in Bosnia and arm the Muslims. But he will not act alone, nor should he. His advisers expect the allies to go along more or less grudgingly.

Such talk may have made sense in the Cold War, when the United States faced a global threat from the Soviet Union. Nowdays it is just a pile of rubble.

For these limited and achievable ends, the means proposed by Mr. Clinton — bombing Serbian forces in Bosnia and arming the Muslims — are largely adequate.

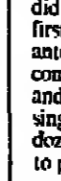
1943: Nazis Repulsed LONDON — [From our New York edition:] Russia announced early today [May 3] that the Red Army had killed 7,000 Germans in the Novorossiysk sector of the Caucasus.

1918: 'Peace Offensive' LONDON — Reports to the effect that the Central Empires are about to start another insidious "peace offensive" are circulating, says the Daily Telegraph.

He g of so



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In Russia, Post-Riot Skirmish

Politicians Turn To Verbal Blows

By Steven Erlanger
New York Times Service

MOSCOW — In the aftermath of serious fighting on Saturday, May Day, between riot policemen and pro-Communist demonstrators, Russia's politicians maneuvered on Sunday to try to turn the violence to advantage.

The speaker of the conservative parliament, Ruslan I. Khasbulatov, ordered an investigation into the "use of force against the participants in a peaceful demonstration," while supporters of President Boris N. Yeltsin urged him to deal harshly with the "provocateurs" who went after police with staves, spears and steel bars.

Interior Ministry officials said 205 policemen were injured, and about 70 demonstrators were also hurt in the worst violence in Moscow since the failed coup attempt in August 1991. About 12 demonstrators and 27 policemen were hospitalized with concussions and lacerations — including one policeman badly hurt when a truck unexpectedly reversed, crushing him against another vehicle — but there were no fatalities.

Moscow city officials had banned Communist and nationalist marches from holding a May Day march in Red Square, then blocked their alternative plan to march to the Vorobyovy Hills, formerly the Lenin Hills, near Moscow University. The police had set up lines in Gagarin Square, and the 2,000 or so marchers waded in.

The march was organized by the National Salvation Front, which combines Communist and nationalists. Mr. Yeltsin tried to ban the Front last year but his decree was overturned by the Constitutional Court.

Yeltsin supporters and well-known democrats like the Reverend Gleb Yakunin, a priest and legislator, urged the president on Sunday to respond to provocations by those opposed to his vision of Russia. They said that Communists, nationalists and conservatives in the parliament were trying to undermine Mr. Yeltsin after failing to wound him in the April 25 referendum on his performance.

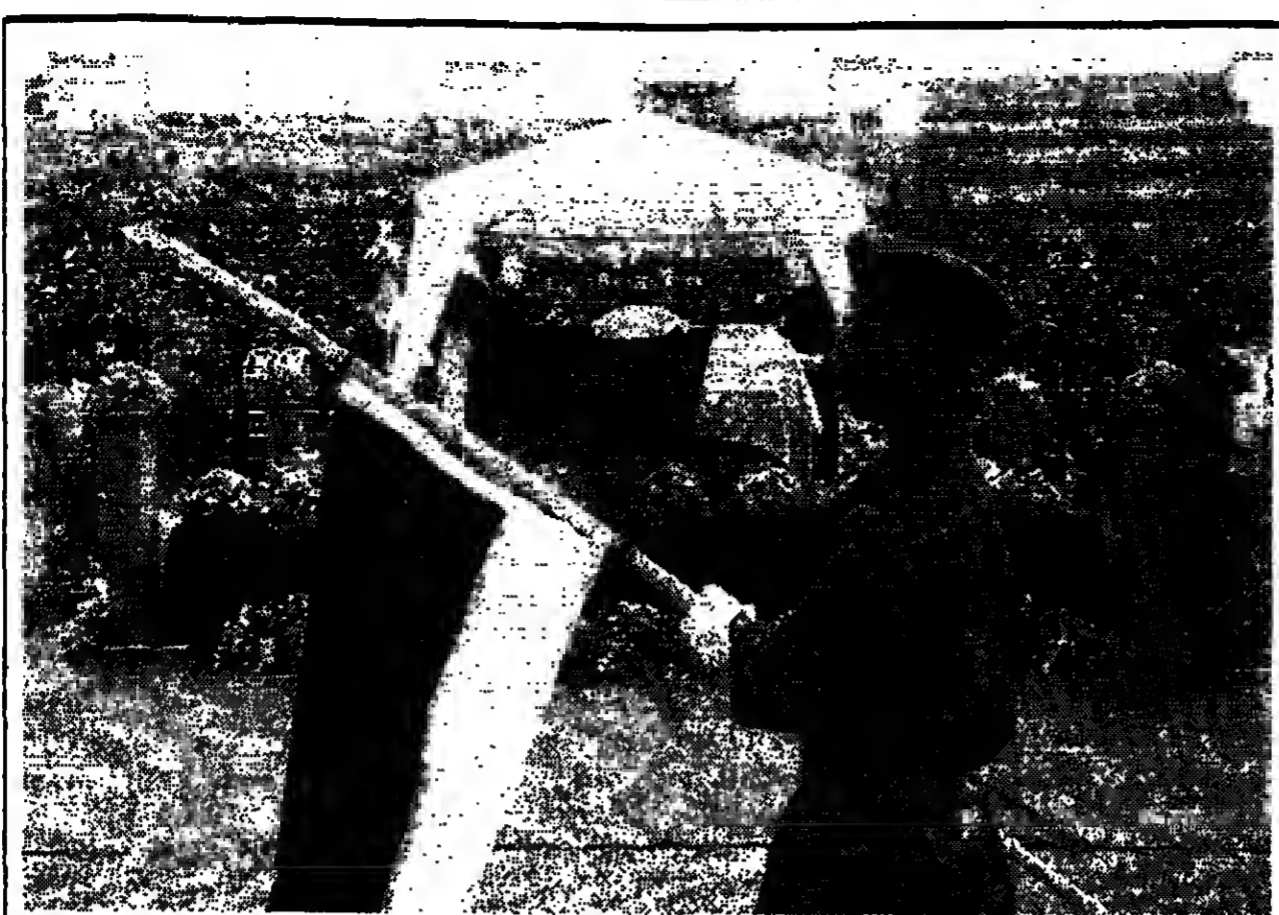
They suggested that the opposition would try to repeat Saturday's violence on May 9 in the traditional march and rally to commemorate the defeat of Nazi Germany.

"We must hope the president is ready to take decisive steps," Father Yakunin said. "One of these must be a decree banning the National Salvation Front."

Deputies also urged that parliamentary immunity be lifted from the hard-line organizers of the march. The Parliamentary Coalition for Reforms, a group of more liberal Yeltsin supporters, accused the parliamentary leadership of "taking the side of extremist forces," a charge echoed by a Yeltsin spokesman, Vyacheslav Volkov. He said there was a "triangle of forces" behind the affair, including parliamentary leaders, the Communist Party and the leaders of the August coup, who "planned the May Day clashes to provoke the president to resort to repressive actions." Mr. Yeltsin himself spent the weekend at his dacha outside Moscow.

Another liberal group, the Russian Democratic Reform Movement, said the "provocation" was designed to justify the convening of an emergency session of the Congress of People's Deputies "to try to lay the blame for the unrest on the president, convince the country of the government's inability to ensure order and to form their own government."

Mr. Khasbulatov, for his part, appointed a commission to investigate "the reasons for and circumstances of the use of force against participants in a peaceful demonstration," his deputy, Valentin Agafonov, said Sunday. The commission is to report to Mr. Khasbulatov by Wednesday.



TRIBUTES TO ANC LEADER — Mourners honoring Oliver R. Tambo at a funeral Sunday in Soweto. Mr. Tambo, who helped lead the African National Congress for three decades, died of a stroke at 75 on April 24. Nelson Mandela, the ANC president, led the tributes with a reference to negotiations for a constitution that would bring "a new dawn" and end 300 years of white supremacy.

POLICY: A Skeptical Clinton Warns Serbs Air Strikes Are Still Possible

(Continued from page 1)

weekend with the leaders of Russia, Britain, Germany, France, Canada and Italy would not "continue such consultations."

"We all hope for a true and just peace in Bosnia," he said. "It must include not only the provisions of peace but also the practices of peace on the ground."

Mr. Gore expressed a similar theme, saying, "We've seen a pattern for quite some time on behalf of the Serbians to try to convince the world community that they are really negotiating, and then all the while the ethnic cleansing goes on and the violence continues. The violence has to stop."

According to a published report

in Britain, Prime Minister John Major still opposes lifting the arms embargo. France is said to have similar reservations.

Lord Owen said Sunday that "it would be crazy" for Washington to press ahead immediately with air strikes, but that it appeared that Mr. Clinton was willing to see whether and how quickly the violence subsided in Bosnia.

The Vance-Owen plan must first be ratified by the Bosnian Serb parliament, a body that only last month rejected it overwhelmingly. Representatives of Bosnian Croats and Muslims had previously signed the agreement, which proposes to create 10 semi-autonomous, ethnically homogeneous provinces in Bosnia.

Lord Owen expressed confidence Sunday that a corner had been turned in the Bosnia negotiations. In the U.S. interview, he said the tightening of economic sanctions against the Belgrade government had finally persuaded President Slobodan Milosevic to force the Bosnian Serbs to end their military assaults.

Diplomats at the UN said the sanctions would remain in place until fighting ended in Bosnia, Reuters reported from New York.

■ **Skepticism in Sarajevo**

With fighting reported on several fronts Sunday, the Bosnian Serbs' acceptance of an international peace plan was greeted with nothing warmer than skepticism in the

Bosnian capital, Sarajevo. The Associated Press reported.

Virtually no one thought it would bring peace, and several suggested that it was a ploy to avert Western military intervention.

"This changes nothing," said Nedeljko Petic, a former Yugoslav officer who runs a training garrison in Sarajevo. "This doesn't mean peace, and we have to continue to train them. We have had enough bad experiences."

In Sarajevo, where sporadic shelling and sniper fire continued Sunday, residents who have survived a yearlong Serbian siege said they would believe peace was at hand only when the guns were removed.

PACT: Bowing to Belgrade's Pressure, Bosnian Serb Accepts Peace Deal

(Continued from page 1)

corridors linking their disconnected provinces and UN protection for the 500,000 Serbs living in areas dominated by Croats and Muslims.

Lord Owen acknowledged that the threat of new military action by the United States had "helped concentrate people's minds" on persuading the Bosnian Serbs to support the agreement. But he said the mediators believed that any outside military action must be held in abeyance to see whether Bosnia's warring factions obeyed the letter of the pact.

"I sincerely hope that there will be no need for new military steps," Lord Owen said.

Mr. Vance and Lord Owen said they would now urge the UN Security Council to carry out the plan to bring peace to Bosnia, where more than 130,000 people have been killed over the past year.

Lord Owen expressed hope that the agreement would mark an irreversible turn in the fighting and "restore stability, peace and friendship to the region."

He noted, however, that the Bosnian plan was only a small step toward resolving the myriad conflicts in the former Yugoslavia. He remarked that the Balkans remained a tinderbox, with ethnic troubles festering in Croatia, Macedonia and the Albanian-dominated province of Kosovo in Serbia.

Among the biggest challenges facing the international community, Lord Owen said, will be the rapid creation of a peacekeeping force, consisting of tens of thousands of troops. The force would have to police the cease-fire, supervise the separation of combatants and maintain ultimate military authority over the regional ethnic governments.

"We don't deny that the problems will be immense," said Lord Owen, who represented the European Community in the talks while Mr. Vance served as the UN envoy. "The peacekeeping force will be the most complex ever attempted, and will require contributions from North America, Europe and Russia."

He said that contrary to what allied officials had said, he believed that the UN force would not have to comprise as many as 70,000 troops. Despite the difficulties involved in running a multinational peacekeeping force, he said that the prospects of peace would be enhanced if the force was broadly based.

The first task facing a UN force will be to assume the positions of the Croatian, Muslim and Serbian forces as they withdraw into the provinces granted to their respective ethnic groups. They will also be responsible for collecting and guarding the arms that must be turned over.

Conference sources said Mr. Karadzic was rebuffed when he sought Serbian control over a northern corridor that would link the Serbian communities in the western and eastern parts of Bosnia. Instead, the mediators agreed to set up a demilitarized neutral "throughway" that will be controlled by UN forces.

SUICIDE: With Bérégovery's Death, France Expresses Anger and Shock

(Continued from page 1)

1986 from Roger-Patrice Peltat, a Mitterrand friend who was later indicted for insider trading.

His former chief of staff, Alain Boublil, was due to stand trial next month charged with helping Mr. Peltat, who has since died, to make a profit on shares of an American company bought up by the state-owned French firm Pechiney.

Mr. Bérégovery denied any impropriety. Several politicians said that having to borrow to buy a relatively modest flat after 30 years in politics showed he was honest.

"He could not bear that his honor, his integrity be put in doubt," said Michel Chasse, a former Socialist minister.

ambition to become prime minister or president. He had already gained recognition as an effective finance minister, serving in the post first from 1984 to 1986 and again from 1988 to 1992.

As finance minister, he won respect in financial circles by drafting the monetarist policies that helped lift France out of the recession of the early 1980s.

Over the last year, however, he was sharply criticized because of a rise in unemployment and by a slowdown in the French economy. On Saturday, Mr. Bérégovery met

a labor union delegation at Nevers city hall at midday before attending an annual cycle race in the town in the late afternoon. Then he asked his chauffeur to drive him, with his bodyguard, to a canal in the countryside nearby where he frequently took walks.

Officials said that at about 6:20 P.M. he asked them to leave him alone for a few minutes while he walked by himself; neither the chauffeur nor bodyguard noticed that he had taken the bodyguard's gun from the car's glove compartment.

[Reuters, WP, AFP, Bloomberg]

MOVE: Whites' Fright

(Continued from page 1)

According to official figures, there were 8,688 immigrants and 4,289 emigrants in 1992. Those statistics, however, miss what many experts believe is a considerable unofficial flow in both directions.

But South Africa is not an easy country to leave. Stringent currency-exchange laws effectively limit the assets emigrants can take with them to about \$60,000 per family.

"You have to cheat your assets out," said Gerald Steward, a real estate broker, "and while plenty of people do it, lots of people don't want to risk it." He said the current run was mild compared with those of 1961 and 1976, when the financial disincentives were not so stiff and "it seemed like every second house in the suburbs had a 'for sale' sign on it."

For Afrikaners, who constitute about 60 percent of the white population, there is a bigger problem: Where to go? Descendants of Dutch, French and German settlers, they have created their own language and culture in South Africa. There is no motherland to which they can return.

Even with these drawbacks, Mr. Anley said, he senses a new dynamic that could lift the calculations toward exodus.

In the past, he added, "people left because they were afraid of political change. Now, they're leaving because they're afraid for their personal safety."

Whites are frightened. The crime rate has skyrocketed in the three years since President Frederik W. de Klerk signaled the end of apartheid. So has political violence. The murder rate is 10 times that of the United States, and although most victims are black, whites seem to talk of little else. One of the outspoken white nationalists for supporting a negotiated transfer of power has been the expectation that a black government will keep angry blacks at bay more effectively than a white police state.

The aftermath of the Hani killing has cast some doubt on that premise. Mr. Mandela and other black leaders appealed for restraint after the murder. But black youths looted and burned their way through such places as Cape Town's tony central shopping district, which is the symbolic heart of the white minority's good life.

There is also concern that if this operation does not succeed, then Somalia has no other options.

"There is a good basis to start working from," said a Western official in Mogadishu. "But it has got to continue. There can't be a pause or a dip. There is no time to lose. To make that transition, the UN has to move forward on a cease-fire and disarmament. They have to get the banking system and the police back together. What worries me is that they don't have a coherent plan."

There is also concern that the Somali factions whose warring pushed the country into anarchy and prompted the American intervention will try to test the resolve of the new UN force in the next several weeks. But UN military commanders insist that the groundwork for a transition has been well established and that any disruption will be dealt with firmly.

■ **Continued U.S. Presence**

Some American troops will remain in Somalia to prevent a slide back into chaos, Reuters reported from Mogadishu. Operation Restore Hope, George Bush's foreign policy finale, brought warlords together to sign a peace accord, drove gunmen off the streets and opened up food corridors to hundreds of thousands of starving Somalis.

U.S. military officials say the handover does not mean the Americans will abandon the country, as many Somalis fear.

"We'll be out there in the high seas ready to intervene should there be any trouble out here," said Colonel Fred Peck, the U.S. military spokesman in Somalia.

"When we hand over command to the United Nations on Tuesday, we will still maintain a presence here in the form of a quick reaction force off the coast and on the ground," he said. "For those eager to test the resolve of the UN, it will be too bad. They will be destroyed."

■ **5 Whites Killed In South Africa, 2 Suspects Named**

EAST LONDON, South Africa — The police offered a \$50,000 reward Sunday and identified two blacks it was seeking in connection with the killing of five white men in a hotel in South Africa's Eastern Cape region.

Six whites and a black were wounded in the attack by gunmen Saturday night at a hotel near the port city of East London.

The police said they were seeking five men in connection with the attack. Officials identified two of the suspects as Lungisa Ntintili and Thembelani Xundu.

Mr. Ntintili is a member of the Pan Africanist Congress, whose military wing, the Azanian People's Liberation Army, has been blamed by the police for previous attacks on whites.

Mr. Ntintili was arrested in February on a car-theft charge.

Signs of New Life In Mogadishu as U.S. Pullout Nears

By Donatella Lorch
New York Times Service

MOGADISHU, Somalia — Late into the night, the open-air citizens in central Mogadishu blast Bruce Lee movies and American rap and rock tunes, the towering screen dancing shadows off the walls of buildings. During the day, in the overwhelming heat and humidity, the streets drone with the sounds of generators that supply electricity to one-room shops offering T-shirts, imitation Reeboks and even photocopying services.

Commercial ships dock at the port — one last month was laden with a shipment of thousands of plastic toy guns. There are still no telephones, but on certain blocks, standpipes provide running water. There is even a fledgling police force.

All this is not to say that petty theft, occasional looting, gunfights and random shootings are not frequent in Mogadishu, the capital, where there is still no government or banking system. Yet, five months after American troops landed to ensure the delivery of food and medicine to a starving population, life is taking on a semblance of normalcy.

In a city where thousands of American troops were once based, it has become rare to see a desert camouflage uniform on the streets or the once-ubiquitous military utility vehicles called humvees. In a brief ceremony Tuesday, the U.S. military command will officially hand over control of the relief operations in Somalia to the United Nations.

Aside from the handshakes and the raising of a new flag over the command headquarters, it will be little more than a symbolic goodbye. Except for about 4,000 troops who will stay behind in Somalia, the Americans have already departed and have been replaced by soldiers from about 20 countries. The overall American presence reached a high of nearly 26,000. The remaining American troops will include a quick-reaction force of 1,500 and about 2,700 logistical personnel.

Yet, in other ways it is far from a token handover. As the political and military commands change hands, shifting much more responsibility to the United Nations, the mission in Somalia is expected to expand to encompass the entire country and even move beyond relief assistance into reconstruction. Its success will be a test case for future UN missions elsewhere.

Among relief workers, Somalis and UN officials there is a feeling of uncertainty, and concern that if this operation does not succeed, then Somalia has no other options.

"There is a good basis to start working from," said a Western official in Mogadishu. "But it has got to continue. There can't be a pause or a dip. There is no time to lose. To make that transition, the UN has to move forward on a cease-fire and disarmament. They have to get the banking system and the police back together. What worries me is that they don't have a coherent plan."

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VALUES: East Asia-U.S. Clash?

(Continued from page 1)

hammad, said that East Asia had shown the world it could compete economically. As a result, he said, "East Asians are no longer shackled by an inferiority complex."

Mr. Lord, a former U.S. ambassador to Beijing who has said that China has an "outdated authoritarian system," praised Mongolia for being the first Asian country to "throw off the Communist yoke."

He said there had been "encouraging strides toward more democratic and humane societies" in South Korea, Taiwan, Thailand and the Philippines.

But Mr. Lord noted that other areas of Asia "lag behind the march of history." In a reference to China, North Korea, Vietnam and Laos, he said that first-generation Communist leaders "still hold together repressive regimes."

However, Mr. Mahathir said that democratic change in the region should not be imposed from outside because it might create turmoil. Instead, he said, free-market growth should be promoted to bring about "a natural evolution" of democracy.

A number of nations in East Asia, including China and Indonesia, have been angered by the Clinton administration's evident deter-

mination to apply what are seen as many Asian officials as alien Western principles that ride roughshod over national sovereignty and threaten the integrity of the state.

Indonesian authorities were caught by surprise last month when Washington changed from a policy of abstention and backed a U resolution expressing "deep concern" over alleged Indonesian repression in East Timor.

Analysts said China and virtually every other East Asian nation opposed the recent reintroduction in the U.S. Congress of a bill mandating China's future trade access to the U.S. market at the lowest possible tariff rates conditional on meeting human rights, trade practices and military exports standards.

Yukio Satoh, head of the No American department in the Japanese Foreign Ministry, said a while Japan and the United States had a shared concern to promote democracy and protect human rights in China. Tokyo's approval was different from Washington, Japan, he said, believed in "promotion of reform and openness in the economic field is one view not only to expansion of market economy in China but to the advancement of political form in a way befitting Chinese conditions."

Israel Approves Reorganization of Banking System

New York Times Service

JERUSALEM — The Israeli government approved a reorganization program for the country's highly centralized banking system Sunday in the hope of increasing competition and loosening the grip of a handful of banks on the capital markets and on many companies.

The plan was a compromise balancing various interests. As such, it came under attack both from Israeli bankers, who said that it unduly limits their activities, and from advocates of drastic change, who said that it does not go far enough.

But while acknowledging that their plan does not qualify as "a revolution," government officials defended it as pushing the economy further along the road toward greater openness and competition.

Under the new rules, expected to get parliamentary approval, the big banks have two years to sell part of their holdings, especially smaller banks they own. They may not hold more than a 25 percent share of nonfinancial companies, and their total investment in such companies may not exceed 25 percent of their capital. Other restrictions are intended to break up relationships between banks and some funds.

BRIDGE

By Alan Truscott

WINSTON Churchill was once spotted by his host emerging naked from a bathroom in the White House. He raised a commanding hand when F. D. R. started to turn his wheelchair and depart. "The prime minister of Great Britain," he announced, "has nothing to hide from the president of the United States."

Showing all you have got may be sensible for allied heads of state, but it is not always the right policy for bridge players. An example is the diagrammed deal played in a high-stakes game at the Young Men's Philanthropic League in Manhattan. Sitting North-South were Steve Beck and Tannah Ilich, opposing two experts.

West was happy to find himself with a hand that represented a balanced Yarborough, but had two thumps to worry about. He needed to find out which red suit to select, a choice that would depend on his partner's holdings in those suits. And he had a tactical problem: How could he prevent the opponents from saving in a black suit?

His bidding solved the first problem, but not the second. His Blackwood bid was an attempt at disguise, but his subsequent jump to seven hearts left him naked. North correctly reasoned that West must

have voids in both black suits, and resist the temptation to double. South then saved in seven spades for a penalty of 1,100 in the revised scoring. He had no problem in the club suit, for West was employed after cashing his winners.

West was lucky to find that his hand was worth four tricks in defense. He should have made a tactical underbid by selecting six hearts instead of seven. If this has been passed all round he would have shown a small loss, but he would have had a good chance of a big profit.

Neither side was vulnerable. The bidding:

West: 2♠, 4♥, 4NT, 7♥, Dbl. North: 3♠, 3♥, 3♣, 3♦, 4♥, 4♠, 4♣, 4♦, 5♥, 5♠, 5♣, 5♦, 6♥, 6♠, 6♣, 6♦, 7♥, 7♠, 7♣, 7♦, 8♥, 8♠, 8♣, 8♦, 9♥, 9♠, 9♣, 9♦, 10♥, 10♠, 10♣, 10♦, 11♥, 11♠, 11♣, 11♦, 12♥, 12♠, 12♣, 12♦, 13♥, 13♠, 13♣, 13♦, 14♥, 14♠, 14♣, 14♦, 15♥, 15♠, 15♣, 15♦, 16♥, 16♠, 16♣, 16♦, 17♥, 17♠, 17♣, 17♦, 18♥, 18♠, 18♣, 18♦, 19♥, 19♠, 19♣, 19♦, 20♥, 20♠, 20♣, 20♦, 21♥, 21♠, 21♣, 21♦, 22♥, 22♠, 22♣, 22♦, 23♥, 23♠, 23♣, 23♦, 24♥, 24♠, 24♣, 24♦, 25♥, 25♠, 25♣, 25♦, 26♥, 26♠, 26♣, 26♦, 27♥, 27♠, 27♣, 27♦, 28♥, 28♠, 28♣, 28♦, 29♥, 29♠, 29♣, 29♦, 30♥, 30♠, 30♣, 30♦, 31♥, 31♠, 31♣, 31♦, 32♥, 32♠, 32♣, 32♦, 33♥, 33♠, 33♣, 33♦, 34♥, 34♠, 34♣, 34♦, 35♥, 35♠, 35♣, 35♦, 36♥, 36♠, 36♣, 36♦, 37♥, 37♠, 37♣, 37♦, 38♥, 38♠, 38♣, 38♦, 39♥, 39♠, 39♣, 39♦, 40♥, 40♠, 40♣, 40♦, 41♥, 41♠, 41♣, 41♦, 42♥, 42♠, 42♣, 42♦, 43♥, 43♠, 43♣, 43♦, 44♥, 44♠, 44♣, 44♦, 45♥, 45♠, 45♣, 45♦, 46♥, 46♠, 46♣, 46♦, 47♥, 47♠, 47♣, 47♦, 48♥, 48♠, 48♣, 48♦, 49♥, 49♠, 49♣, 49♦, 50♥, 50♠, 50♣, 50♦, 51♥, 51♠, 51♣, 51♦, 52♥, 52♠, 52♣, 52♦, 53♥, 53♠, 53♣, 53♦, 54♥, 54♠, 54♣, 54♦, 55♥, 55♠, 55♣, 55♦, 56♥, 56♠, 56♣, 56♦, 57♥, 57♠, 57♣, 57♦, 58♥, 58♠, 58♣, 58♦, 59♥, 59♠, 59♣, 59♦, 60♥, 60♠, 60♣, 60♦, 61♥, 61♠, 61♣, 61♦, 62♥, 62♠, 62♣, 62♦, 63♥, 63♠, 63♣, 63♦, 64♥, 64♠, 64♣, 64♦, 65♥, 65♠, 65♣, 65♦, 66♥, 66♠, 66♣, 66♦, 67♥, 67♠, 67♣, 67♦, 68♥, 68♠, 68♣, 68♦, 69♥, 69♠, 69♣, 69♦, 70♥, 70♠, 70♣, 70♦, 71♥, 71♠, 71♣, 71♦, 72♥, 72♠, 72♣, 72♦, 73♥, 73♠, 73♣, 73♦, 74♥, 74♠, 74♣, 74♦, 75♥, 75♠, 75♣, 75♦, 76♥, 76♠, 76♣, 76♦, 77♥, 77♠, 77♣, 77♦, 78♥, 78♠, 78♣, 78♦, 79♥, 79♠, 79♣, 79♦, 80♥, 80♠, 80♣, 80♦, 81♥, 81♠, 81♣, 81♦, 82♥, 82♠, 82♣, 82♦, 83♥, 83♠, 83♣, 83♦, 84♥, 84♠, 84♣, 84♦, 85♥, 85♠, 85♣, 85♦, 86♥, 86♠, 86♣, 86♦, 87♥, 87♠, 87♣, 87♦, 88♥, 88♠, 88♣, 88♦, 89♥, 89♠, 89♣, 89♦, 90♥, 90♠, 90♣, 90♦, 91♥, 91♠, 91♣, 91♦, 92♥, 92♠, 92♣, 92♦, 93♥, 93♠, 93♣, 93♦, 94♥, 94♠, 94♣, 94♦, 95♥, 95♠, 95♣, 95♦, 96♥, 96♠, 96♣, 96♦, 97♥, 97♠, 97♣, 97♦, 98♥, 98♠, 98♣, 98♦, 99♥, 99♠, 99♣, 99♦, 100♥, 100♠, 100♣, 100♦, 101♥, 101♠, 101♣, 101♦, 102♥, 102♠, 102♣, 102♦, 103♥, 103♠, 103♣, 103♦, 104♥, 104♠, 104♣, 104♦, 105♥, 105♠, 105♣, 105♦, 106♥, 106♠, 106♣, 106♦, 107♥, 107♠, 107♣, 107♦, 108♥, 108♠, 108♣, 108♦, 109♥, 109♠, 109♣, 109♦, 110♥, 110♠, 110♣, 110♦, 111♥, 111♠, 111♣, 111♦, 112♥, 112♠, 112♣, 112♦, 113♥, 113♠, 113♣, 113♦, 114♥, 114♠, 114♣, 114♦, 115♥, 115♠, 115♣, 115♦, 116♥, 116♠, 116♣, 116♦, 117♥, 117♠, 117♣, 117♦, 118♥, 118♠, 118♣, 118♦, 119♥, 119♠, 119♣, 119♦, 120♥, 120♠, 120♣, 120♦, 121♥, 121♠, 121♣, 121♦, 122♥, 122♠, 122♣, 122♦, 123♥, 123♠, 123♣, 123♦, 124♥, 124♠, 124♣, 124♦, 125♥, 125♠, 125♣, 125♦, 126

ADVERTISING SECTION

INDIA

In Show of Confidence, Nation Opens to the World

The Indian economy is clearly heading in a new direction, as evidenced by moves to lift trade and investment restrictions, reduce taxes and initiate other wide-ranging reforms.

As recently as three years ago, the announcement of an end to government licensing control over investment in such undesirable "luxury" industries as automobiles or appliances would have kicked up a political storm in socialist India. In early April, however, the government in New Delhi announced precisely that in its latest drive to lift licensing controls, and there was scarcely a ripple of comment. Proof, if any were still needed, that the Indian economy is now headed in a new direction.

That announcement came close on the heels of a path-breaking budget by Finance Minister Manmohan Singh, his third such reform exercise since the Narasimha Rao government assumed office in June 1991 at the height of an economic crisis. The budget made history because it contained no new taxes at all — an unprecedented move in overtaxed India's fiscal history; instead, it announced a record amount of tax reductions, totaling 0.7 percent of the nation's gross domestic product.

The most significant change was the sweeping reduction in customs tariffs, signaling that the Indian economy is being opened up to the world. More reductions, especially in corporate tax and personal income tax, have been promised for next year.

Even more newsworthy was Mr. Singh's announcement during his budget speech that the external value of the rupee would henceforth be determined by the market and not fixed by the government.

A sign of the growing confidence in the Indian economy is that the rupee has gained about 5 percent in value since the budget announcement and the full float, moving up to 31.30 rupees against the U.S. dollar. Even more important, dollars have suddenly been flowing in at a rapid pace, and the country's foreign-exchange reserves have increased by over 30 percent in the six weeks to mid-April, reaching \$6.4 billion.

Major reductions in customs tariffs

That sum equals about three months' import cover, a more comfortable level than at any other stage in the last five years. Says a buoyantly optimistic C. Rangarajan, governor of the Reserve Bank of India:

"I knew that the rupee would gain in strength after we announced a full float."

All this is a ringing endorsement of the Narasimha Rao government's reform program, now nearly two years old. The reforms have placed the economy on an even keel: Annual inflation is down from 16.7 percent to 6.5 percent in less than two years; the fiscal deficit has dropped from 8.5 percent of GDP to the targeted 4.6 percent in the space of three budgets; and the runaway growth in money supply has been checked.

Economic growth slowed to barely 1 percent in the first year of the reform program (1991-92), from an average of 5.5 percent in the 1980s, but it has recovered to 4.2 percent in 1992-93 and is forecast to cross 5 percent this year.

More significant from a long-term perspective, the economy's regulatory

framework has been ripped apart in an attempt to give markets freer rein and to increase overall efficiency. Controls have been lifted on industrial investment; most trade controls have been dismantled; price controls on items like steel have been abolished; the troublesome monopoly law has been rendered toothless; and foreign investment is openly welcomed for the first time, with foreign majority ownership now automatically available in most sectors of industry.

The reform process is now beginning to focus on hitherto neglected areas — especially the financial sector and agriculture, both currently areas of heavy state control and intervention.

Much of the reform process has been helped along by a loan of \$2.2 billion from the International Monetary Fund and sectoral loans from the World Bank; the loans are tied to reform in areas like trade and social services. The 18-month "standby" loan program with the IMF

draws to a close this May, and it is widely expected that the standby loan will be dovetailed into a larger, three-year loan under the IMF's extended fund facility.

Amid reports that the IMF feels fiscal correction should have been even sharper in the latest budget, however, the government has decided to delay starting negotiations on a fresh loan. The sudden inflow of dollars, following the floating of the rupee, has given it added confidence in adopting this posture.

With last year's trade deficit at about \$4 billion and export growth still sluggish at less than 3 percent, the foreign-exchange crisis that forced India to radically rethink its economic policies is by no means over. Mr. Singh knows this as much as anyone else, and it is likely to persuade him to push ahead even harder with the reform program in the hope of building on the considerable successes that have already been notched up.

A Big Welcome for Foreign Investments

Significant changes in India's foreign-investment regulations have transformed the nation's business climate, encouraging overseas investors to set up joint ventures and allowing them to increase their shareholding in local companies.

Two large American companies — IBM and Coca-Cola — bad to leave India in 1978, leaving behind them clouds of controversy about the country's laws governing international companies. Today, 15 years later, IBM has just begun to advertise its new joint venture in India, and Coca-Cola is busy setting up a manufacturing facility near Pune in Western India and preparing to launch its range of soft drinks.

The return of these two companies to India is a powerful symbol, given the events of 1978 and the restrictive history of the Foreign Exchange Regulations Act. FERA was recently amended to make it far less restrictive; as a result, India's business newspapers are beginning to report one kind of news

with almost monotonous regularity: General Electric announces a joint venture in lighting systems, its fourth Indian project in less than two years; Glaxo of Britain increases its equity in Glaxo India to 51 percent; and General Motors and Peugeot announce plans to start car production in partnership with Indian companies.

It would be an overstatement to say that India is going global, but it is certainly welcoming the world in ways that it never did before.

Foreign investment, which used to average barely \$100 million annually, increased sharply to \$500 million last year, and government officials expect it to double to \$1 billion next year.

A newly constituted Foreign Investment Pro-

motion Board has cleared foreign-investment proposals totaling over \$3 billion.

That may not seem like an enormous amount by, for example, Chinese standards, but it is significant in the Indian context.

"There is always a time lag between approval of an investment proposal and the dollars coming in," says Finance Secretary Montek Singh Ahluwalia. "Do not forget that China began opening up in 1978. There is no room for doubt that foreign investment in India is going to grow significantly."

With investment-hungry sectors like power generation and both the drilling and refining of oil thrown open to foreign companies, the trickle of investment dollars could

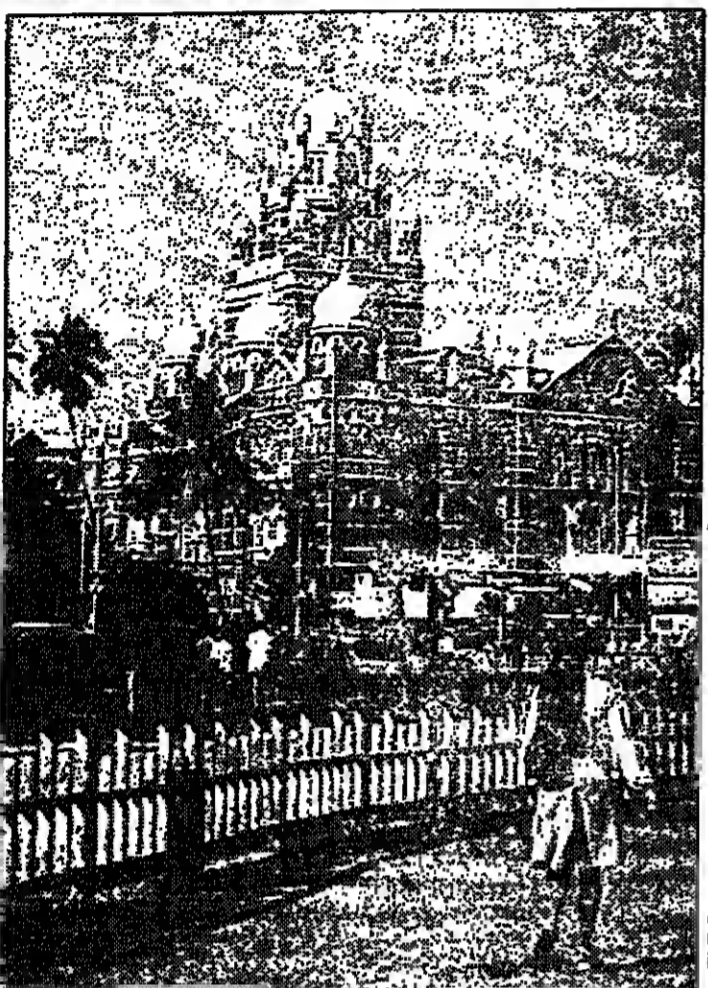
well become a flood. Energy ministry officials disclose that foreign companies have proposed investments of around \$16 billion in power projects involving an installed capacity of 16,000 megawatts. In another new area of foreign investment, British Gas has tied up with an Indian company to supply Bombay with piped gas; Calcutta is next on the list.

Much of the renewed foreign interest in Indian industry is a result of changes in the laws governing foreign investment. A principal change is that overseas companies can now automatically get majority shareholding in Indian joint ventures in most sectors; previously, they could not go beyond 40 percent without meeting stiff conditions. In addition, even the special cases tend to get cleared quickly by the FIPB.

Companies like Glaxo have seen clear opportunity in the new investment environment, and the British drug manufacturer has promptly increased its equity in its Indian company to more than 51 percent. "The pharmaceutical industry in India is still subjected to irrational price controls," says T. Thomas, chairman of Glaxo India. "but the overall business environment has improved, and this encourages foreign companies to increase their exposure in India."

Even fiercely nationalistic companies like Ranbaxy Laboratories — an Indian drug company that for some time spearheaded domestic lobbying to keep India's patent law unchanged in the face of U.S. pressure — has now announced that it is tying up with Eli Lilly. Some Indian business executives, however, are beginning to worry about loss of control. "We should be helping Indian companies to become multinationals, not allowing them to be taken over by multinationals from other countries," says Ravi Sinha, president of Shri Ram Fibres.

Other Indian executives may share Mr. Sinha's concern, but key government figures such as Finance Minister Manmohan Singh are convinced that, with foreign investment flowing increasingly into countries like Thailand and even Vietnam, India must join the game instead of watching from the sidelines, as it has done for over 40 years.



India's stock market (top) was opened to foreign investors last year. British Gas, along with an Indian company, will supply Bombay (above) with piped gas.

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A Profile

	CAPITAL AND ASSETS (As at end-March 1992)	US \$ Million
Chairman	Paid-up Capital	241
Mr. S.S. Nadkarni	Reserves and Reserve Funds	560
Managing Director	Total Assets	8959
Mr. S.H. Khan	Profits during 1991-92 (before tax)	183



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OPENING UP THE ECONOMY

Financial Sectors: Going Private, in the Open

Under mild pressure from the World Bank, India is re-vamping its financial sector. Major changes include permission to form new private banks, the opening of the bourse to foreign investors and an expected overhaul of the insurance industry.

In 1981, Charles H. Dallara was the U.S. representative on the board of the International Monetary Fund. That year, India approached the IMF for a record loan of \$5 billion. Every member of the board voted in favor of the loan — except for Mr. Dallara.

Times have changed. Mr. Dallara, now managing director of the Morgan Guaranty Trust Company, has just steered this J.P. Morgan subsidiary into a financial-services joint venture in India, in partnership with the Industrial Credit and Investment Corporation of India.

From being negative on a loan to being positive on a joint venture, Mr. Dallara has come a long way. Even more to the point, India has come a long way, too, and nowhere is the change more marked than in the financial sector.

Last January, the Reserve Bank of India announced that the formation of new private banks would be allowed and invited applications. Since the banking industry has seen repeated bouts of nationalization over the last 37 years and is therefore



Prime Minister Narasimha Rao.

dominated by large and mostly inefficient government-owned banks, the Reserve Bank's announcement was a welcome about-face.

Five companies have already applied for banking licenses, and at least one of them wants to start operations in tandem with a foreign partner. "We hope to improve the quality of service available to customers and use modern technology to good advantage," says S.A. Dave, chairman of the Unit Trust of India, a large mutual-fund organization that has applied for a banking license.

Change will soon spread from banking to insurance, another financial sector that has seen bouts of nationalization and public-sector dominance. Finance Minister Manmohan Singh announced last February that a committee would review the insurance business and recommend specific reform measures. This move is expected to be followed by private domestic and foreign companies being allowed to run insurance businesses in India once again.

Many of the changes are being introduced under mild pressure from the World Bank, which is keen to negotiate a sectoral loan tied to the reform of the financial sector. As a result, government pre-emption of bank funds at less than market rates of interest will drop from 36 percent to 25 percent in three years. Directed credit to special target groups, again at subsidized rates of interest, will come down sharply. Many of the rigid controls on interest rates have already been removed. "I would not have believed that so many changes were possible so

quickly," says the Indian head of a foreign bank's operations in India. "But, frankly, there is still a long way to go."

Meanwhile, the stock market was opened to overseas institutional investors last year. So far, 18 foreign institutions have registered to invest in India, but the money that has flowed in is a trickle: only about \$5 million.

Some of the reasons for the poor inflow became evident at a conference for institutional investors interested in India, organized by Chescor in London last March. Two factors mentioned were the absence of foreign brokers on whom the overseas investors feel they can rely and the short-term capital-gains tax; the latter was recently reduced from 60 percent to 30 percent, but the investors want no such tax at all.

The government has given no indication that policy will change in these



Finance Minister Manmohan Singh.



In addition to spices, everything from flowers to fruit will now be exported.

areas. Pratip Kar, executive director of the Securities and Exchange Board of India and the man who deals with foreign institutions, feels the flow of investment will soon increase. "India is a good place to invest in," he says. "Share prices are now at attractive levels, and I believe the money will start flowing in."

SEBI, meanwhile, is trying to clean up India's somewhat chaotic stock markets, which last year saw a 40-billion-rupee (\$1.3-billion) financial scandal involving the diversion of bank and corporate funds into share purchases by bullish brokers, just before a stock-market bubble was pricked. Share prices today are less than half the levels of a year ago, when the scam first hit the headlines, and the Reserve Bank has stepped in to restore greater order in the banks and money-market operations.

The real news on the Indian financial sector is no longer the scam, but the significant changes in the financial sector. Mr. Dallara speaks for many observers when he says that "the message of these changes is that India is relying more on the market and opening up to the world."

Agricultural Exports: Worth the Risk?

Question: Which Indian producer has most benefited from the three-stage, 40-percent devaluation of the rupee since June 1991? Answer: The Indian farmer.

Indian policy-makers had not thought of it all these years, but an overvalued rupee had been acting as a deterrent to the growth of India's agricultural exports by pricing them out of global markets. That has now changed.

In the latest trade policy, unveiled at the end of March by Commerce Minister Pranab Mukherjee, the focus is squarely on promoting agricultural exports. Mr. Mukherjee set the country the goal of hitting \$5 billion in agricultural exports in three years, compared with just \$2 billion last year.

India has traditionally been an exporter of such plantation crops as tea and coffee as well as cotton, tobacco and spices like

cardamom, but Mr. Mukherjee now talks of exporting everything from flowers to fruit.

In a country where half the population of 870 million people still lives off the land, the new thrust to export policy has enormous employment implications. Value-added agricultural exports also offer farmers the potential of earning more money than they would from growing traditional cereals like rice and wheat. So the new thrust to trade policy has been widely welcomed.

Companies like Pepsi Foods have already been focusing on agricultural exports, selling items such as tomato paste to the Pepsi global network and experimenting with oranges and pears. Cargill is entering the Indian seeds market at a time when

farm productivity is believed to have suffered because of the poor quality seeds offered by state-owned research farms.

"Our tomato experiment has revolutionized farming in large parts of the state of Punjab," says Ramesh Vangal, who until recently headed Pepsi Foods. "A strong push to agricultural exports can do the same for farmers in other parts of the country."

Some Indian econo-

mists worry, however, that the policy toward agriculture in other countries — with heavy subsidies for farmers in the United States, Europe and Japan — distorts the international market to a point where Indian exports might get priced out because of such barriers to a free market. They argue that, with the GATT negotiations deadlocked on the issue of farm subsidies, the focus on agro-exports is misplaced. The optimists point out,

however, that India's share of the global trade in agricultural products is so small that increasing its share of the market should not be difficult. On the basis of such convictions, policy is beginning to shift from its earlier heavy emphasis on food-grain self-sufficiency to the novel idea of exploiting global trade opportunities. If the gamble pays off, this could even turn out to be the most far-reaching of all of India's economic reforms.

Half the population lives off the land

cardamom, but Mr. Mukherjee now talks of exporting everything from flowers to fruit.

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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel: 322 40 00. Prices may vary according to market conditions and other factors. April 30

Canadian Dollars

Table of Canadian bond prices with columns for Issuer, Coupon, Maturity, Price, Yield, and Spread.

ECU Straights

Table of ECU straight bond prices with columns for Issuer, Coupon, Maturity, Price, Yield, and Spread.

Pound Sterling

Table of Pound Sterling bond prices with columns for Issuer, Coupon, Maturity, Price, Yield, and Spread.

Yen Straights

Table of Yen straight bond prices with columns for Issuer, Coupon, Maturity, Price, Yield, and Spread.

MUTUAL FUNDS

Large table of mutual fund prices and performance data, including columns for fund name, bid/ask prices, and other metrics.

Vertical advertisement on the right side of the page, including 'CAPITAL MARKET', 'THE TRIBUNE', and 'CURRENCY RATES'.

CAPITAL MARKETS

Time Is Far From Right For a Big Issue by Spain

By Carl Gewirtz

PARIS — The largest-ever French franc Eurobond is waiting to be launched, bankers here report. The hangup is that Spain, which is looking to raise as much as 10 billion francs (\$1.88 billion), wants a long-term issue of at least 15 years, preferably 20 years. And this when the long-term markets have turned exceedingly soggy.

In all the major markets, prices last week declined and yields rose — by 26 basis points, or more than a quarter of a percentage point, in Britain; 22 basis points in Japan; 21 in Spain and the Netherlands; 18 in Germany; 15 in Canada; 11 in the United States and nine in France.

Thus, bankers are advising Spain to postpone its plans or aim for a shorter maturity where demand for new paper remains strong.

While the individual bond markets are suffering from purely domestic concerns, the global mood was soured by the well-publicized move into gold by George Soros, the investor and fund manager who is reputed to have made \$1 billion (\$1.57 billion) on sterling's collapse last autumn.

The price of gold spiked \$11 last week, to \$355 an ounce, its highest level since October, rekindling worries that weak governments, rising deficits, resistance to new taxes and a need to stimulate economic growth everywhere are a recipe for inflation. Gold is the classic haven against the debasement of paper money.

The rumor in the bond market is that Mr. Soros's real aim was not to establish a hedge against inflation but rather to use the news of his move to unsettle bond prices. The rumor says he established a large short position — selling bonds he did not own on the expectation they could be purchased later at a lower price.

Meanwhile, both the U.S. bond market and the dollar are in confusion about the outlook for the economy and the government's intentions regarding the currency. The surprise intervention in the foreign-exchange market last week on the eve of a meeting by finance ministers of the Group of Seven spurred speculation that the attempt to halt the rise of the yen had been part of a bargain to get Japan to put its dispute with Russia over the Kurile Islands on the back burner and increase its aid to Russia.

The dollar, which touched an all-time low of 109.35 yen, ended the week at 111.035 yen. But traders doubted that the yen's rise was over and continued to target a level of 105 yen as likely in the coming weeks.

While the United States' slow first-quarter growth in gross domestic product, at a rate of 1.8 percent annually, was considered disappointing, many analysts maintained that the picture had been distorted by bad weather and that signs of a more robust pickup would yet emerge.

But Philip Braverman, a New-York based economist for DKB Securities who has accurately assessed the underlying trend in the past, sees continued sluggishness and mounting pressure on the

See BONDS, Page 11

A Showdown Looms in Saxony

By Brandon Mitchener

DRESDEN — Saxony, the most industrial area of East Germany, on Monday will be the fitting host for the region's first strike since the 1930s, thereby helping determine the pace of change for the rest of the 1990s.

The direct result of the German government's failure to achieve a national consensus on the economic consequences of unification, the strike threatens to undermine the region's already feeble recovery and has rekindled animosities between West and East Germany.

West Germans, whose wages are stagnant or declining after a decade of steady growth, show little sympathy for the clamor of their East German brethren, who are fighting for a quick march to an equivalent standard of living. Only 29 percent of West Germans support the strike, while 45 percent of East Germans support it, a German television station reported Sunday, citing a private poll.

East Germans, feeling betrayed by unfulfilled promises of a "blossoming landscape," have grown increasingly unwilling to make sacrifices after watching local employment plummet. Employment in the Saxon metalworking industry has fallen 80 percent from pre-unification levels, and remaining metalworkers earn one-third less than their Bavarian counterparts even though they work longer hours.

The regional divide is particularly apparent in the front lines of the combatants, with employers led by a Cologne-based industry association and unions by their blue-collar members in the East.

At May Day rallies Saturday, union leaders promised a "merciless" strike to defend their Eastern members' wages and honor after metalworking and steel-sector employers renege on a contract that would have boosted the East German wages by more than 20 percent this year and 30 percent next year.

Franz Steinkühler, head of IG Metall, the powerful union leading the strike, said the national industry employers association was using unification and a deepening recession as excuses to condemn 40 years of progressive labor relations to "the burlesque of history."

[Mr. Steinkühler and the general manager of the metal industry employers group, Dieter Kirchner, were both in Dresden on Sunday but have not held any last-minute talks to avert a strike, Reuters reported.]

Industry officials, meanwhile, accused the union of "irresponsibility" for threatening to turn a region already crippled by unification and recession into an industrial wasteland by demanding wage increases in excess of what companies can afford to pay.

Unit labor costs in the East are already 55 percent higher than in the West because of lagging productivity growth, and the wage hikes demanded by the union would cost the region an additional 100,000 jobs, the industry association said.

The planned equalization of East German wages with West German levels by April 1994 has stifled investment and threatens to prolong the region's misery, economists say.

"A sharp increase in wages will make the

creation of a mezzogiorno in East Germany more likely, not less so," said Kermit Schoenholtz, an economist at Salomon Brothers in London, referring to Italy's depressed South.

Günter Rexrodt, the German economics minister, addressing a May Day crowd in Oberhausen, said East Germans should show more flexibility and not demand wage increases at any cost. Strikes "do not help if a wage increase can only be bought with the ruin of companies and the loss of jobs," he said.

But some economists say the nature of the German social security system encourages unions to overstate their demands. "Why can the trade unions neglect the needs of the unemployed?" asked Thomas Mayer, an economist at Goldman Sachs in Frankfurt. "Because they assume the government is looking after the needs of the unemployed."

"As long as the government accepts this role, it's probably naive to expect a change of behavior in the labor unions. This point is particularly pronounced in East Germany," he said. "There it really hits you on the head."

The strike was scheduled to begin Monday at six steel mills and 20 metalworking companies, including local subsidiaries of Volkswagen AG, Siemens AG and AEG AG, some of West Germany's biggest companies.

If no compromise is found, the strike was programmed to spread throughout East and West Germany over the next two weeks, making it the first major strike affecting the West German metalworking industry since 1984.

Tokyo Warns It Could Match U.S. Sanctions

Compiled by Our Staff From Dispatches

TOKYO — Japan has warned it could strike back with retaliatory steps if the United States imposed sanctions on it for practices that Washington says discriminate against American construction companies.

A Foreign Ministry spokesman said Saturday that if Washington imposed sanctions on the basis of its "unilateral judgment," Tokyo would consider "appropriate measures," including possible "counter-retaliatory" steps.

The Japanese construction market is institutionally non-discriminatory and open," the Foreign Ministry's press secretary, Masumichi Hanabusa, said in a statement.

He was reacting to an announcement Friday by the U.S. trade representative, Mickey Kantor, that President Bill Clinton could decide to place sanctions on Japan if no

agreement is reached on the issue within 60 days.

The 60-day period would end a week before the Group of Seven industrial nations — Britain, Canada, France, Germany, Italy, Japan and the United States — gather in Tokyo in July for their annual summit meeting.

Mr. Kantor's statement was the latest and clearest sign of the Clinton administration's strategy to reduce the American trade deficit with Japan by challenging the status quo on specific trade issues.

The administration plans to seek negotiations with Japan on the construction issue, but Mr. Kantor would not describe the American strategy for such talks.

In his remarks, he also threatened sanctions against Brazil, India and Thailand for what he called inadequate protection of American patents and copyrights and for limiting access to telecommunications and other markets.

Brazil rejected the U.S. charge and urged that the issue be dropped to avoid hurting trade ties. In a news release issued by its embassy in Washington over the weekend, it said the charge had been based on "distorted perceptions."

Mr. Kantor called on Tokyo to open talks with Washington on the construction-industry dispute. He also asked for an examination of bilateral agreement on supercomputers to determine whether it terms had been respected.

But Mr. Hanabusa rejected the idea of holding negotiations "under the pressure of sanctions by limiting time."

He also said that "this kind of unilateral approach by the United States" could "have a disturbing influence" on the progress of Uruguay Round negotiations, a stalled multilateral trade talks under the General Agreement on Tariffs and Trade.

(A.P., N.Y.T., Reuters)

Regulators Cast a Wider Net Over Banks' Capital

International Herald Tribune

PARIS — Having spent the past four years scrambling to meet international standards on capital adequacy that came into effect this year, commercial banks have been informed that the goalpost is about to be moved.

The details were outlined Friday at the Bank for International Settlements in Basel by the Committee on Banking Supervision, which includes regulators from the 11 major industrial countries comprising the Group of Ten.

They plan to widen the scope of capital adequacy from the present unique focus on credit risk to include market risk as well as interest-rate risk.

To soften the blow, bank regulators are proposing to allow banks

to issue short-term debt to cover part of the new requirement.

The regulators also signaled readiness to grant banks the relief they had long sought on measuring the amount of capital needed to back the off-balance-sheet business of swaps and derivatives.

The proposed alterations do not address the widespread complaint that stiffer capital-adequacy standards have contributed to a world credit crunch by discouraging banks from the direct lending of money to industry and consumers.

But by extending capital requirements on new forms of business — purchases of securities — the regulators appear to be striving to balance the effective cost to banks, whether they engage in traditional or in new business.

The overall impact, said Gerard Corrigan, chairman of the committee and head of the New York Federal Reserve Bank, would probably be a "very modest overall increase" in banks' capital requirement.

The proposal to alter the measuring of capital exposure in swaps and derivatives business that is not carried directly on banks' books is a major victory for the banks. This move is expected to reduce the amount of capital banks currently set aside for this business by as much as 40 percent.

The phenomenal growth of the derivatives business — a broad array of securities and investments with an estimated notional value in excess of \$1.5 trillion — has caused great anxiety among regulators, who fear that the complexity and

sophistication of these transactions could pull banks into a crisis the way that lending to developing countries did in the 1980s.

But private bankers have insisted that the notional amounts of swap contracts distort the picture and measure only activity, not true economic risk. They have lobbied regulators to measure exposure based on net value rather than on gross amounts.

The committee of supervisors now is proposing — under carefully defined conditions — "to recognize certain bilateral netting arrangements."

The International Swap Dealers Association, whose 200 members include all the major financial institutions active in the swap market, hailed the proposal. Joseph P. Bau-

man, head of Citibank's derivatives business and chairman of the association, said in New York that it was "a milestone event."

Overall, however, capital requirements will rise, because the bank supervisors are also planning to widen the range of risks for which capital cover is needed. Exactly how much it is widened will vary with the institution, depending on its risk profile and because some of the new requirements will substitute for existing credit-risk requirements.

The initial rules, announced in 1988 and implemented at the start of this year, established a two-tier definition of bank capital, a system for weighting the relative riskiness

See BANKS, Page 11

Frankfurt Notebook

At the Bundesbank, Hawks-Doves Debate Is for the Birds

No issue more constantly obsesses professional Bundesbankologists than the supposedly fluid proportion of anti-inflation monetarists, or hawks, to inflation apologists, known as doves, on the central bank's governing board. This is especially true at a time like the present when the bank's priorities are thought to be shifting.

Helmut Schlesinger, the Bundesbank chairman, dismisses the hawks-doves debate as a question for ornithologists, not serious economists. Above all, the identification depends as much on environment as on genes, he says.

Nevertheless, Mr. Schlesinger seems to have a certain affinity for hawks — or they for him. "I watch the birds that nest on our building," he said in an interview last week. "At one point we had hawks on

the building," he said, "but they left when the doves became more numerous. When I asked an ornithologist why the hawks were leaving, he said it was because the doves made such a mess."

"Then the doves left, too, for some reason. They aren't there any more," he continued. Coincidentally, around the time Mr. Schlesinger moved into his current office as chairman of the central bank, "I noticed that a small hawk had nested in the ledge outside here," he said, pointing out his window. "You can draw whatever conclusions you want from that."

Franco-German Rapport

Frankfurt's Economic Development Corp., which is promoting the city's candi-

dacy to host a future European central bank, apparently exceeded its authority recently in speculating about the potential for closer Franco-German cooperation.

The German edition of the development agency's European Central Bank Update, which was published in mid-April, said the decision on where to site the bank would probably be postponed until the end of the year. That would be after Britain's vote on ratification of the Maastricht treaty on European union.

The delay, coupled with a new government in France, would encourage Paris and Bonn to agree bilaterally to exchange board members between the Bank of France and the Bundesbank, cut the official franco-mark currency fluctuation band to 1.5 percent from 2.5 percent or

even set a fixed exchange rate, and create a joint Franco-German central bank, the Update speculated.

Reporting Rate Changes

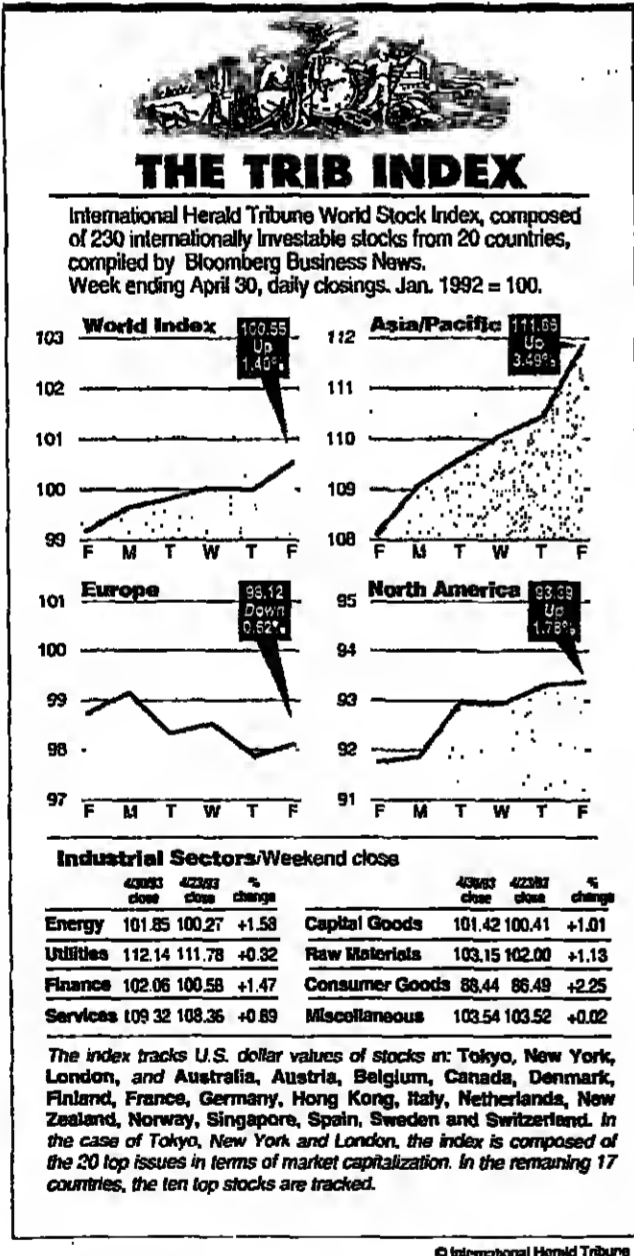
The moments immediately preceding news conferences at the Bundesbank's guest house have long been chaotic, with a score of intensely competitive reporters mobbing anyone who walked into the building with a folder that looked like it might contain the key press release.

Confusion reigned complete on April 22, however, when the Bundesbank released not the usual single statement, but three, with the most important statement coming last — a double-barreled cut in the discount and Lombard rates.

Reporters trained to believe that omission of interest rates in a press release meant there was no change in rates rushed off to their phones before the third release could be distributed. The mistake cost many market players money and left reporters and the Bundesbank bitterly pointing fingers at one another.

The Bundesbank, in a sternly worded letter to news agencies, wrote: "We take this occasion to remind you that a report that the Bundesbank has left its rates unchanged is only permitted on the basis of a concrete confirmation." The central bank described this formality as long standing practice, which agency reporters disputed.

Brandon Mitchener



CURRENCY RATES

April 30

Currency	Per \$	Currency	Per \$	Currency	Per \$
Australian dollar	1.4975	Japanese yen	149.85	Swiss franc	1.4850
British pound	1.6000	South African rand	13.7500	U.S. dollar	1.0000
Canadian dollar	0.7500	Spanish peseta	166.6400	West German mark	1.4850
Dutch guilder	2.2037	Thai baht	25.1500	Yen	149.8500
French franc	6.5596	Turkish lira	16.6370	Other	
German mark	1.4850	U.S. dollar	1.0000		
Italian lira	2036.27				
Japanese yen	149.85				
South African rand	13.75				
Spanish peseta	166.64				
Swiss franc	1.4850				
U.S. dollar	1.0000				
West German mark	1.4850				
Yen	149.85				

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Net Revenues	66.6	68.8	3
Cash Flow	18.4	19.9	8
Net Income	14.1	14.3	2
Dividend	7.2	7.8	8
Extraordinary Dividend	—	27.0	—
Total Assets	387.0	400.9	4
Capital and Reserves	109.7	89.0	-19
Staff	221	212	-4

With stocks and bonds more buoyant than in previous years due to easing money-market rates, Ferrier Lullin was once again able to achieve satisfactory results in fiscal 1992. The nearly SFr 20m our operations generated in cash flow enabled us to raise our dividend from 24% to 26% while retaining more money to cover capital investments than in the preceding financial year. In conjunction with the restructuring of the SBC group's portfolio management activities, the major development in our financial situation last year was the distribution of an extraordinary dividend amounting to SFr 27m.

As a result, the capital and reserves reported in the balance sheet fell to SFr 89m from 110m the previous year, following allocation of 1992 net income. Even so, at over 20% of total assets and over a third of borrowed funds, they are still extremely large compared with statutory requirements.

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In Disney Deal, Opposites Attract

By Bernard Weinraub

LOS ANGELES — For years, Walt Disney Studios has been the highly successful producer of family movies like "Aladdin," "Honey, I Blew Up the Kid" and "Sister Act." At the opposite end of the spectrum, Miramax Film Corp. has been an independent distributor of such provocative adult and unusual films as "The Crying Game," "The Grifters" and "Cinema Paradiso" and "Sex, Lies and Videotape."

As unlikely as it seems, Walt Disney Co. announced Friday that it planned to acquire Miramax as an autonomous unit of Disney's distribution arm, Buena Vista Pictures.

Jeffrey Katzenberg, chairman of Walt Disney Studios, and Miramax's founders, Harvey and Bob Weinstein, said the independent company would continue to make offbeat and arty movies and retain its artistic independence.

Under the agreement, Disney will finance Miramax's future films and acquire video, cable, television, pay-per-view and all ancillary rights. The agreement also calls for Disney to acquire Miramax's library of more than 200 films.

Mr. Katzenberg declined to discuss the financial details of the purchase of Miramax, whose management had also been in talks with Paramount Communications Inc. But film industry executives and analysts pegged the price at between \$60 million and \$80 million.

With the Miramax deal, Mr. Katzenberg said Disney would release an extraordinary total of about 60 films next year. Disney has already agreed to release films made by Joe Roth, former chairman of 20th Century Fox, and the team of James Ivory and Ismail Merchant, who helped create "Howards End."

"From Disney's point of view this is a further step in the diversification of the studio away from too much reliance on the animated product line," said Raymond Katz, an entertainment industry analyst at Lehman Brothers. "There are a lot of upsides. Of course one of the questions is seeing the Weinstein brothers fit into the Disney corporate structure. It's difficult to see them fitting in easily."

The Weinstein brothers — Harvey is 41 and Bob is 38 — have earned reputations as temperamental producers who have periodically lashed with directors, actors and other producers.

The Week Ahead: World Economic Calendar, May 3-7

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News

Asia-Pacific

• **May 3 Wellington** New Zealand's gross domestic product on expenditure basis for December quarter. Forecast: Quarterly rise of 0.5 percent following decline of 4.8 percent in September period. Sydney Reserve Bank of Australia to release April commodity export price index. Forecast: Decline of 3 percent in U.S. dollar terms after 3.6 percent gain in March. Tokyo Golden Week of national holidays in Japan continues through May 3. Government offices and most businesses closed.

• **May 4 Wellington** New Zealand balance of payments for December quarter. Canberra Australian balance of payments data for March.

• **May 4 Frankfurt** German Federal Statistical Office releases preliminary figures for March. Sydney Australian Financial Markets Association to hold inaugural meeting of swap market participants to discuss possibility of formalizing market's operations.

• **May 4 London** U.K. April official reserves. Forecast: Up \$1 billion, after \$1.7 billion decline in March.



Nyberg, Denmark European Community's employment ministers' meeting, through May 4.

Madrid Spanish April official reserves. Frankfurt Bundesbank report on inflation. • **May 5 Rome** Prime Minister Carlo Azeglio Ciampi expected to face vote of confidence in parliament. Frankfurt Bundesbank Council meeting. Outlook: Key rate cuts unlikely. London U.K. April M-0 money supply. Frankfurt East German March employment. Forecast: Down 55,000, after 41,000 decrease in February.

Paris French independent stock exchange regulatory committee, COB, presents annual report. Frankfurt East German April unemployment. Forecast: Down 10,000, after 40,000 drop in March.

Paris Bank of France repo tender. Outlook: Possible further cut in key interest rates.

Americas

• **May 2 Washington, New York** Hong Kong's Governor Chris Patten visits the United States, through May 8 to lobby for U.S. to renew China's most-favored-nation trade status.

• **May 3 Washington** Commerce Department reports March construction spending. Washington Treasury Department reports 3- and 6-month bills auction results. Houston First day of four-day Offshore Technology Conference, a leading worldwide forum on exploration and development of oil and gas resources.

Atlanta USX Corp., the Pittsburgh-based energy and steel conglomerate, holds its annual shareholders meeting. San Francisco Scores of companies show their latest earnings for the computer database market, through May 7.

New York 300 Co. to launch its much anticipated initial public offering this week as the firm continues its quest to develop an industry standard in interactive home entertainment.

New York Reinsurance Group of America Inc. is set to raise about \$123 million in an initial public offering this week. Boston Society of Actuaries holds a two-day meeting in the second of three spring meetings.

• **May 4 Washington** Commerce Department reports leading indicators for March. Forecast: A decline of 0.8 percent. Washington Treasury Department announces 3- and 6-month bills auction details to be held Monday, April 19.

Santiago Inflation and employment figures for April set to be released. Ottawa The Bank of Canada will set its discount rate.

Toronto Canadian Auto Workers' union four-day national collective bargaining and political action convention.

Detroit U.S. automakers report sales of domestically made cars and light trucks for late April.

• **May 5 Caracas** Central bank's weekly auction of zero-coupon bonds, no announcement of amount yet.

• **May 6 Washington** EC and U.S. senior finance and trade officials' meeting, through May 7. Agenda: Measures to boost the world economy and bilateral trade agreements.

Washington Labor Department reports first-quarter productivity and costs.

• **May 7 Washington** Labor Department reports April unemployment. Washington Federal Reserve System reports March consumer credit. Forecast: An increase of \$600 million.

Washington The Federal Reserve System reports on commercial and industrial loan activity.

Ottawa Labor force survey for April. Ottawa Canadian Imperial Bank of Commerce economist predicts the unemployment rate will hit 11 percent from March to 10.9 percent in April.

MUTUAL FUNDS

(Continued)	Bid	Ask	Bid	Ask	Bid	Ask
US Div 1594	15.96		AMHY 18.94	NL	AMIT 11.00	11.24
USOV 1538	16.76		AMIN 12.19	NL	AMT 12.27	12.30
Voice Exchange			AMUL 18.75	NL	AMR 18.23	18.25
COF 1529	NL		AMUN 11.14	NL	AMR 18.23	18.25
DEB 1523	NL		AMUN 11.14	NL	AMR 18.23	18.25
EBB 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPB 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPF 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPG 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPH 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPJ 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPK 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPN 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPS 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPV 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPW 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPX 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPY 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPZ 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAA 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAB 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAC 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAD 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAE 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAF 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAG 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAH 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAI 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAJ 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAL 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAM 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAN 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAO 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAP 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAQ 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAR 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAS 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAT 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAU 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPAV 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
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EPAZ 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBA 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBB 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBC 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBD 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBE 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
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EPBG 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBH 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBI 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBJ 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBK 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBL 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBM 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBN 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBO 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBP 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBQ 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBR 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBS 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBT 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBU 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBV 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBW 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBX 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBY 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPBZ 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPCA 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPCB 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPCC 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPCD 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
EPCE 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
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EPCP 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
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EPDD 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
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EPDR 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
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EPEC 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
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EPEE 1517	NL		AMUN 11.14	NL	AMR 18.23	18.25
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EPDS 1517	NL		AMUN 11.14	NL</		

New International Bond Issues

Compiled by Laurence Desvillettes

Issuer	Amount (millions)	Mat.	Coups %	Price	Price end week	Terms
Floating Rate Notes						
Citicorp	\$200	2003	1/8	99 1/2	—	Below 3-month Libor. Minimum interest 5 3/4%, maximum 10%. Noncallable. Fees 0.50% (Goldman Sachs Int'l)
Crédit Commercial de France	\$150	2003	1/8	99 1/2	—	Below 6-month Libor. Noncallable. Fees 0.50% (Goldman Sachs Int'l)
Mortgage Bank of Denmark	\$100	2005	0.30	100	—	Below 6-month Libor. Minimum interest 5%, maximum 8%. Noncallable. Fees 0.50% (Kodder, Feabody Int'l)
Inf' Nederland Bank	\$100	2003	1/4	100	—	Below 6-month Libor. Minimum interest 5 3/4%, maximum 8%. Noncallable. Fees 0.50% (Denominations \$10,000, Morgan Stanley)
Urban Mortgage Bank of Sweden	\$150	1995	3/8	99 1/2	—	Over 6-month Libor. Noncallable. Fees 0.10%. Denominations \$10,000 (Norama Int'l)
WestLB Finance	\$ 50	2003	1/8	99 1/2	—	Below 6-month Libor. Minimum interest 5%, maximum 8%. Noncallable subordinated notes. Fungible with outstanding issues, raising total to \$150 million. Fees 0.50% (Lehman Brothers Int'l)
Toyobo	¥5,000	1999	3/8	100	—	Interest will be 3/8 over 3-month Libor until 1996, thereafter 1/2 over Libor. Noncallable. Fees not disclosed. Denominations 10 million yen. (DKB Int'l)
Fixed-Coupons						
Banco Bradesco	\$ 50	1995	9	100.143	—	Semiannually. Noncallable. Fees 1%. Denominations \$10,000 (Deutsche Bank)
Banco Economico	\$ 70	1994	9 1/2	99.48	—	Semiannually. Noncallable. Fees 1 1/4%. Denominations \$10,000 (Paribas Capital Markets)
Colombia	\$125	1998	7 1/2	99.237	—	Semiannually. Noncallable. Fees 0.875%. (Bankers Trust Int'l)
Export-Import Bank of Japan	\$300	2005	6 1/4	98.872	—	Noncallable. Fees 0.35%. (Pierrel Lynch Int'l)
Osaka Gas	\$250	1998	5 1/4	101.489	—	Reoffered at 99.889. Noncallable. Fees 1 1/4%. (Goldman Sachs Int'l)
Spiritab	\$200	1998	6	99.535	—	Noncallable. Fees 0.35%. (J.P. Morgan Securities)
BUFA Finance	€100	2018	10 1/2	100.095	—	Reoffered at 98.22. Callable at par in 2013, when coupon may be reset. Fees 2 1/4%. Denominations €10,000 (Samuel Montagu)
Eurofima	€ 75	1998	7 1/2	100 1/4	—	Noncallable. Fungible with outstanding issue, raising total to €175 million. Fees not disclosed. (Daiwa Europe)
Crédit National	FF 1,000	1996	7 1/2	100.33	100.50	Noncallable. Fees 0.35%. (Paribas Capital Markets)
Crédit National	FF 2,000	2003	7 1/2	98.01	97.32	Noncallable. Fees 0.375%. (Paribas Capital Markets)
Deutsche Bank Finance	FF 2,000	1996	7	100.995	—	Reoffered at 99.82. Noncallable. Fees 1 1/4%. (Deutsche Bank)
Europac Coal & Steel Community	FF 1,500	2003	7	97.785	97.40	Noncallable. Fees 0.225%. (BNP Capital Markets)
Sweden	FF 3,000	2000	7 1/2	99.627	99.00	Reoffered at 99.627. Noncallable. Fees 0.35%. (BNP Capital Markets)
Banque Nationale de Paris	m. 150,000	2003	10.85	101.85	—	Noncallable. Fees 2%. (Banque Commerciale Italiana)
Boyerische Landesbank	m. 300,000	2003	10 1/4	101 1/4	—	Noncallable. Fees 2%. (Monte di Paschi di Siena)
British Gas Int'l Finance	m. 150,000	2003	10 1/4	101.71	—	Noncallable. Fees 2%. (BAI)
Boyerische Vereinsbank	cs 100	1998	7 1/2	100.65	—	Reoffered at 99.025. Noncallable. Fees 1 1/4%. (Hombros Bank)
General Electric Capital of Canada	cs 150	1998	7 1/2	100.725	—	Reoffered at 99 1/4. Noncallable. Fees 1 1/4%. (Wood Gundy)
Daido Steel	¥ 20,000	1997	4.80	101 1/4	—	Reoffered at 100.05. Noncallable. Fees 1 1/4%. Denominations 10 million yen. (Yamaichi Int'l Europe)
Nippon Oil Finance	¥ 3,000	1998	4.35	100 1/2	—	Interest will be a fixed 4.35% until 1996, thereafter 1/2 over 3-month Libor. Reoffered at 100.30. Noncallable. Fees 0.50%. Denominations 100 million yen. (Fujii Int'l Finance)
Nishio Iwai Europe	¥ 5,000	1994	3.68	100.16	—	Reoffered at 100.11. Noncallable. Fees 0.20%. Denominations 100 million yen. (Sawata Int'l)
Equity-Linked						
Forté	£ 90	2008	6 1/4	100	—	Semiannually. Noncallable. Convertible at 223 pence per share, at 15.0% premium. Fees 2 1/4% (LBS)
Copcom	¥ 12,000	1997	1 1/2	100	—	Semiannually. Convertible at ¥ 871 yen per share. Fees 2 1/4%. Denominations 5 million yen. (Norama Int'l)

BANKS: Regulators Cast a Wider Net Over Capital

(Continued from first finance page)

of different categories of bank assets and off-balance-sheet items, and an 8 percent minimum ratio of capital to assets.

Now, regulators want to add to this credit-risk-based system a capital charge for market risk — the danger that price changes on holdings of stocks, bonds, foreign exchange or swaps could adversely affect the banks.

Given the rapid expansion in banks' trading activities, particularly in the derivative markets, "it was clear that the focus on credit risk would need to be widened to encompass market risks," the committee on Banking Supervision said.

"While the specific methodologies proposed for calculating the capital charges for each of the classes of instrument differ," it said, "the committee has gone to great lengths to try to satisfy itself that the different methodologies produce roughly equivalent economic results."

The committee is asking for public comment on its proposals through the end of this year and says it aims to implement the bilateral

netting scheme shortly after the close of the consultation period, sometime in 1994. It set no target date for implementation of the market-risk charge against capital.

To ease the burden on banks, the supervisors proposed to expand the definition of bank capital to include a new class of short-term subordinated debt to be used exclusively to meet some of the capital charges for the market risk associated with debt securities and equities.

The bank supervisors acknowledged that their proposals risked creating an unbalanced playing field, as only deposit-taking banks would be covered, leaving such mighty players as securities houses and investment banks operating under less stringent rules.

The committee said it regretted the failure to reach a common accord with the International Organization of Securities Commissions but said its overall approach had been "designed with a view to its ultimate application to a wider spectrum of institutions."

Likewise, the committee acknowledged "significant differ-

ences" with the European Community's capital-adequacy directive covering banks and securities firms.

Saying that it favored "a stricter prudential standard," the committee invited banks to comment on any problems that may arise from the need to comply with two regimes and stated its resolve to achieve convergence with the EC.

The committee also said it intended to develop a system to measure interest-rate risks run by banks — the risk that a change in rates might adversely affect a bank's financial condition.

The committee said that although this risk is difficult to measure, "it is a significant risk which banks and their supervisors need to monitor carefully."

At this point, the supervisors are not proposing a capital charge for this risk. "The measurement system is designed to identify institutions that may be incurring extraordinarily large amounts of interest-rate risk," they said. "It would be left to national authorities to determine what, if anything, might be done."

—CARL GEWIRTZ

G-7: Will the New Civility Augur Better Cooperation?

(Continued from page 1)

from the collegial atmosphere he has created. It is an interesting experiment."

It was the sly diplomacy of Mr. Bontsen, a Texas Tory skilled in the arts of political negotiation, that was the most notable development in the change of climate from the anger aroused by his predecessors, James A. Baker 3d and Nicholas F. Brady, seeking commitments to help re-elect their friend George Bush.

After more than a decade of economic nationalism once derided as "gunboat economics" by the magazine Foreign Affairs, this shift toward collegiality is more important than it seems in what, after all, essentially a diplomatic process.

President Bill Clinton even did his bit, stopping by the ministerial dinner at the government's elegantly appointed guest house and promising "exceptional actions" to help push the long-stalled Uruguay round of talks to liberalize trade in services and agriculture. Finance ministers played down the latest U.S. attack on Japan's trade restrictions — in the construction industry this time — to highlight goodwill among themselves.

The British chancellor of the Exchequer, Norman Lamont, declared it an "excellent meeting," German diplomats, who rarely tire of lecturing others on financial rectitude, said they had found it good to work with Lawrence Summers because the American undersecretary of the Treasury understood their problems as an economist.

Edmond Alphandery, new to the club as the finance minister of France's new conservative government, described the meeting as "calm, relaxed and altogether agreeable." For him, one of its benefits was mutual understanding — "that every country knows what every other country's policy is, that they are not saying one thing and doing another."

In the G-7 communiqué, the United States said that long-term interest rates had already fallen because the Clinton administration had pledged to reduce the government's budget deficit — the very promise of which was the leverage Mr. Bontsen had used to reinvigorate the grouping's moribund process.

Led by Germany, Europeans said that interest rates were coming down and that they hoped to cut them further as budget deficits are cut in the medium term. Translation: Don't hope for too much more interest-rate relief, because no government is so politically suicidal as to reduce deficits in a recession.

No commitments were made by the Bundesbank president, Helmut Schlesinger, and even Finance Minister Theo Weigel of Germany supported his policies of not being "aggressive" in lowering rates.

Japan took credit for printing the pump with more than \$100 billion in government spending but refused either to promise more or to increase aid to Russia, and Mr. Bontsen said he did not press for either of those.

After suffering through the Clinton administration's talking up of the yen until the United States intervened last week to halt the dollar's decline, the Japanese were particularly relieved to obtain G-7 support for less currency volatility. They took this to mean that although the yen might have to move higher, they would not be hectoring it by Washington and could let the rate change at a more leisurely pace.

The meeting of the IMF's Interim Committee was upstaged not only by this G-7 session but also by the one in Tokyo last month devising a \$28 billion aid program for Russia, leaving IMF officials searching for a role in the international economic order. In its communiqué, the committee cited strong growth in developing countries, the opening up of the former Communist economies and the stimulative strategies of the industrial countries as the main hopes for world economic revival.

The ministers also received a report on last fall's currency upheavals in Europe conceding that governments were increasingly vulnerable to cross-border investors who can move as much as \$1 trillion in a day.

Their communiqué supported the IMF staff's plans to increase consultation and surveillance over exchange rates, but it was unclear what the IMF could do beyond offering advice when governments refuse to act for reasons of politics or pride.

News of Treasury Refunding to Take Center Stage

Compiled by Our Staff From Dispatches

U.S. CREDIT MARKETS

and notes sank last week as the market became more sensitive to the government's next quarterly refunding. Analysts said the main problem was that investors had become reluctant to make trades involving the 30-year bond.

As it does every three months, the government will announce Wednesday how much of which types of securities the Treasury plans to sell next week in its quarterly auction to finance the budget deficit. This time, however, a study by the Treasury Department on how it finances the deficit is due to be released before the Wednesday announcement — possibly as early as Monday.

In its previous refunding, in Feb-

ruary, the Treasury sold \$35.5 billion of notes and bonds to refund \$25.5 billion in maturing securities and raise \$10 billion in new cash.

The Treasury Department auctions securities, such as notes and bonds, to raise money to run the government. Refundings are a special set of auctions held in pay off maturing securities that were sold years earlier.

The market had been speculating for some time that the Treasury's study of the refunding operation would call for reducing the quantity of 30-year bonds sold, or possibly even eliminating the 30-year maturity, to reduce borrowing costs. Such a move, by reducing the supply, would raise the value of the 30-year bonds outstanding.

But late last week, traders began hedging their bets. Kevin Flanagan, an economist at Dean Witter, said the market was "being moved by rumors that the Treasury is not going to make any significant cut-back in the bond."

The price of the 30-year bond due in 2023, the market's bellwether security, fell 1/32 of a point on the week to end at 102 3/32. Its yield, which moves in the opposite

direction of its price, jumped to 6.94 percent from 6.79 percent.

The yield spread between the two-year note and the 30-year bond, meanwhile, widened to 314 basis points from 308. The two-year note's price fell 5/32 to 100 3/32, for a yield of 3.80 percent, up from 3.71 percent.

"From an information standpoint, we had negative news for the market throughout the week," said Scott Knous, senior fixed-income analyst at First Boston.

In addition to the growing suspicion that the 30-year bond sale might not be cut back after all, the report on first-quarter gross domestic product showed a big slowdown in the economy. The Commerce Department reported that growth slowed to an annual rate of 1.8 percent, after six months of stronger expansion.

This week, in addition to the details on the Treasury auctions, there will be a full complement of

economic data: The National Association of Purchasing Management will report Monday on the strength of the manufacturing sector in April; the Commerce Department's leading economic indicators for March come out Tuesday; the Federal Reserve will issue its Beige Book report on the American economic condition Wednesday, and the Labor Department will release April employment data Friday.

(UPI, Reuters)

Poland's Legislature Clears Privatizations

By Jane Perlez

NEW YORK — Reversing a vote taken in March, the lower house of the Polish parliament has approved a privatization plan for many of the country's state-owned industries.

The move gives economic reform a major lift and bolsters the position of the government, which has sometimes been shaky.

The program, approved on Friday, calls for turning a majority of shares in 600 state-owned enterprises over to 20 national investment funds. The funds are to be managed by experienced Western investment companies, which are expected to introduce modern management techniques into ailing enterprises.

The Polish economy has shown encouraging signs in the last year, and Poland has received good reviews from international institutions for moving to a market economy.

More than 50 percent of Polish workers are now employed in private enterprises and inflation was lower than expected in the first three months of this year.

But the defeat in parliament last month of the privatization plan

and arguments among politicians against Western managers dampened some of the confidence.

"We are elated," Christian Davigneat, a representative of the World Bank in Warsaw, said of the bill's passage.

Prime Minister Hanna Suchocka, who portrays herself as a free marketer but whose ability to govern was threatened two days ago when a party in her fragile coalition walked out, expressed relief. "It is a very important day for the Polish economy," she said.

The lower house approved the bill by a vote of 215 to 178, with 22 abstentions. The bill now goes to the Senate, where it is expected to be approved, and to President Lech Walesa, who is expected to sign it.

Mrs. Suchocka won by wooing legislators from the Democratic Left Alliance, composed of members of the old Communist government, from whom she had previously tried to gain a distance.

The parliamentary approval Friday was also critical for the release of new money to Poland by the World Bank and other multilateral institutions, economists said.

Despite pessimistic economic signs and the approval of the privatization bill, Polish and Western economists have been pointing to growing protectionism by Western Europe toward Eastern Europe as a major stumbling block.

BONDS: Skittish Market

(Continued from first finance page)

Federal Reserve to further reduce interest rates. His conclusion is that yields on U.S. bonds will continue to fall, as will the dollar.

Friday's report on U.S. employment for April is widely expected to give markets a reason to move. But Mr. Braverman warns that the numbers could give a false signal of revival because of an increase in part-time help.

In Europe, bond markets were rattled by signs that the Bundesbank is now focusing on fighting recession and will be moving more aggressively to reduce short-term rates even as the budget deficit remains out of control.

The yield on 10-year German government bonds backed up to 6.79 percent last week, and analysts doubted there was much chance of a revival until yields climbed back to 7 percent.


This will automatically restrict the room for French bonds, which ended the week yielding 7.20 percent, to move. The spread between German and French bonds now stands at 41 basis points, close to the historic low of 38 basis points set early last year.

Christopher Potts at Banque Indosuez sees the possibility that this spread could collapse altogether, but only after the French yield curve — the difference between short-term and long-term rates — has returned to a normal upward slope.

Euromarkets At a Glance

Instrument	Apr. 28/29		Yr. High		Yr. Low	
	Rate	Yield	Rate	Yield	Rate	Yield
U.S. 1-year term	7.25	4.41	8.75	4.23	7.00	5.27
U.S. 3-month term	7.00	4.36	8.50	4.20	6.75	5.21
U.S. 6-month term	7.25	4.38	8.75	4.23	7.00	5.27
French 3-month	7.25	4.38	8.75	4.23	7.00	5.27
British 3-month	10.00	5.00	12.00	5.00	8.00	5.00
German 3-month	6.75	4.38	8.75	4.23	7.00	5.27
Italian 3-month	7.00	4.36	8.50	4.20	6.75	5.21
Spanish 3-month	7.00	4.36	8.50	4.20	6.75	5.21
U.S. 10-year term	7.25	4.38	8.75	4.23	7.00	5.27
U.S. 30-year term	7.25	4.38	8.75	4.23	7.00	5.27
U.S. 5-year term	7.25	4.38	8.75	4.23	7.00	5.27
U.S. 2-year term	7.25	4.38	8.75	4.23	7.00	5.27
U.S. 1-year term	7.25	4.38	8.75	4.23	7.00	5.27

Source: Euromarkets Stock Exchange



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WORLD STOCKS IN REVIEW

Amsterdam

For the first time this year, the Amsterdam Stock Exchange weakened sharply and closed Thursday at 215.8 points, down from 223.1 points the previous week. The markets were closed on Friday for the Queen's Day holiday. The stock exchange did not respond to lower interest rates. The main disturbing factors were the weakening dollar, lower projected general economic growth and less spending power because of the measures that will be taken to lower the budget deficit in the year ahead.

Frankfurt

The Frankfurt exchange was overshadowed with gloom last week as the outlook on the German economy remained pessimistic. The DAX index of leading shares finished Friday at 1,627.19 points, down by 1.72 percent on the week. The signs of a lasting recession in Germany are growing, brokers said, and further losses can be expected. The market's late-week rise was due to purely technical factors, operators said.

The DAX gained 0.20 percent Friday after eight days of consecutive downturns.

Hong Kong

Share prices rose 1.18 percent last week in anticipation of a solution reached on Hong Kong's political future during the Chinese-British talks. The key Hang Seng Index gained 79.57 points to close the week's trading on Friday at 6,830.51. Average daily volume stood at 5,083 billion Hong Kong dollars, up from the previous week's 4,612 billion dollars.

The key barometer gained 94.81 points on Monday as investors went on a buying spree after Britain and China agreed to hold another round of talks to resolve the row over Governor Chris Patten's proposals to broaden franchise in the territory before China's takeover in 1997.

London

Share prices fell through a key barrier in London last week, hit by a fall on the futures market after sales from U.S. investors, dealers said. The Financial Times-Stock Exchange 100 index fell 30.7 points, down one percent, to 2,813.1 points, having earlier fallen

below the 2,800-point level for the first time in three months.

Dealers said that despite recent encouraging economic indicators, the market was nervous and lacking a definite direction. Britain's gross domestic product rose 0.2 percent in the first quarter of the year against the previous quarter. The rise was below expectations but showed the second consecutive quarterly rise after eight quarters of falling output. It was the official "end of the recession" the government said.

Paris

The downward movement of French interest rates and a range of technical factors lifted the Paris bourse sharply last week. The CAC-40 index closed Friday at 1,939.03 points, up from 1,916.58 points the previous week, a rise of 1.17 percent. Analysts said lower rates would help stimulate the stagnating economy but warned that the damage of the past two years of high real rates was still feeding its way into the system. But remarks by the Bundesbank president, Helmut Schlesinger, that the recession would be the central bank's main concern from now on encouraged hopes that rates would fall further.

French interest rates have fallen from 9.10 percent two weeks ago to 8.25 percent, their lowest level since January 1989. The moves have not affected the position of the franc.

Milan

After starting the week on a euphoric note to welcome the choice of Carlo Azeglio Ciampi as the new prime minister, the Milan bourse ended the week in crisis after the former Communist party withdrew from the new government. The MIB index finished down 12 points or just over one percent on the week at 1,163 points, after the previous week's 3.71 percent rise following the referendum vote for reform that paved the way for the new government.

Singapore

The key Straits Times industrial index rose to a new high early this week amid hectic activity on the Singapore exchange, but by the end of the week, values had tapered off on profit-taking. On Monday, the index surged 24.19 points to a record 1,797.26 on spill-over buying from the previous week. After breaking the record, the market

eased back and the industrial index ended at 1,783.63 Friday, up just 10.56 points from the previous week.

Tokyo

The Nikkei average soared to its highest in more than 13 months last week, lifted by heightening prospects of Japanese economic recovery and a slower appreciation of the yen, dealers said. The 225-issue Nikkei ended Friday at 20,919.18, its highest since March 6, 1992. The broader Tokyo Stock Price Index, based on all issues listed on the first section of the Tokyo Stock Exchange, gained 88.1 points from the previous week to finish at 1,620.79.

Zurich

Zurich shares eased back in reduced trading activity last week and the Swiss Performance Index finished Friday at 1,323.71, down 14.15 points. The absence of any major company news and the weakness of the dollar prompted the negative trend, one broker commented. Banks led the way lower. UBS was down 31 Swiss francs at 934 and SBS down 10 at 340. CS Holding bucked the trend with a gain of 10 to 2,450.

BUSINESS BRIEFS

Pearson Considers STAR-TV Stake

LONDON (Bloomberg) — The British conglomerate Pearson PLC may bid as much as £100 million (\$157.4 million) for a minority stake in Hong Kong's STAR-TV, the Independent on Sunday reported. Frank Barlow, managing director of Pearson, parent of the Financial Times, was quoted as saying that STAR-TV's owner, Li Ka-shing, was "interested in selling a stake" and that Pearson was interested in buying it. STAR's audience is estimated at 41 million people in 38 countries.

Philips to Leave Matsushita Venture

TOKYO (Combined Dispatches) — Matsushita Electric Industrial Co. will buy Philips Electronics NV's 35 percent equity interest in the companies' joint venture, Matsushita Electronics Corp., for 185 billion yen (\$1.69 billion). The venture makes semiconductors, cathode ray tubes and lamps. (Bloomberg, AFP)

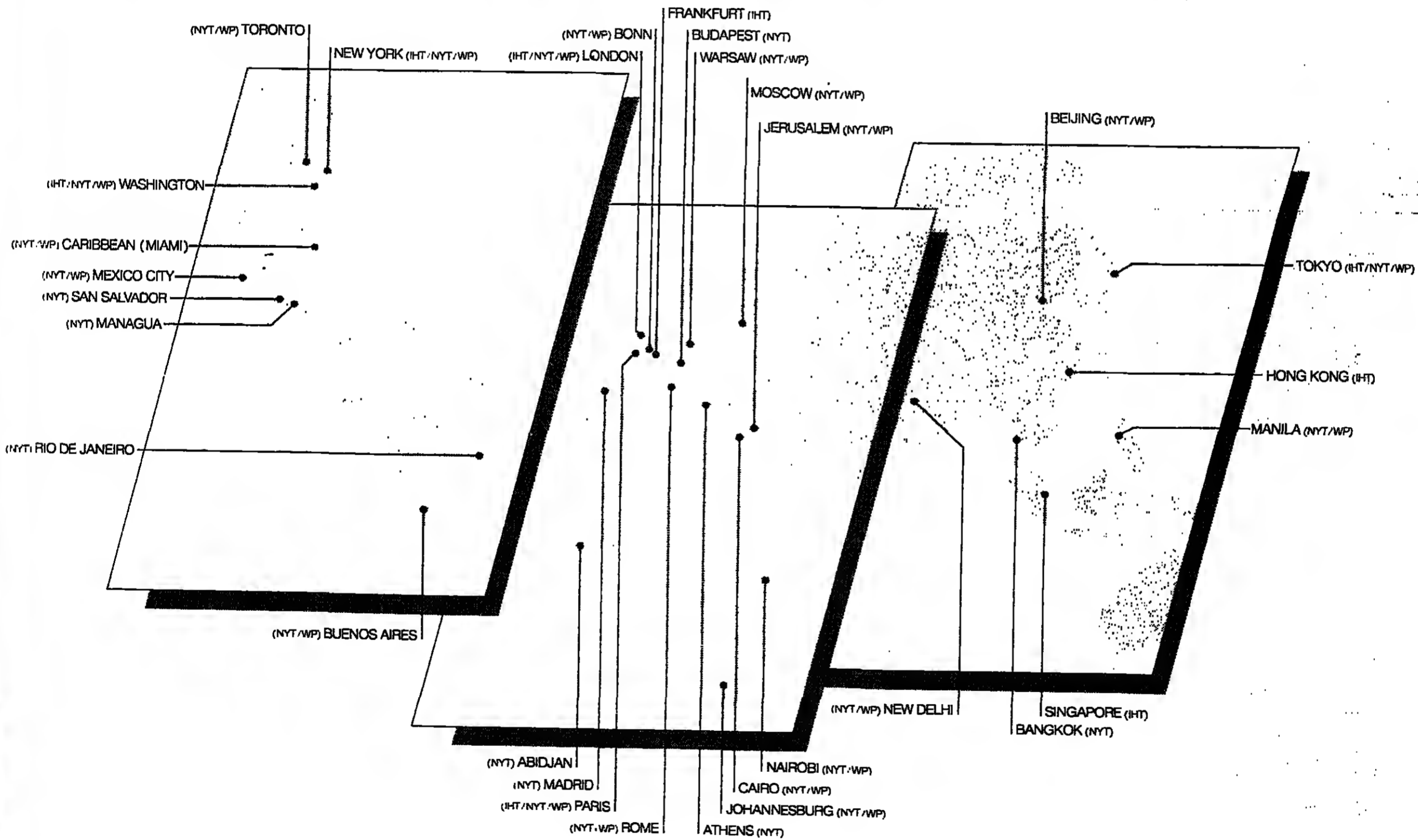
Broker Is Sentenced in India Scandal

NEW DELHI (Bloomberg) — Hiten Dalal, a stockbroker, has been sentenced to a year's imprisonment by a special court in Bombay in a case linked to last year's financial scandal. The court sentenced Mr. Dalal to hard labor and fined him 100,000 rupees (\$3,210) for issuing bad checks for 784 million rupees.

GM Won't Recall Pickup Trucks

WASHINGTON (WP) — General Motors Corp. has turned down a government request to recall 4.7 million pickup trucks that critics say are likely to explode and burn in side-impact crashes.

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SPORTS BASKETBALL

Justice Helps Lift Braves Over Cards

The Associated Press
Atlanta manager Bobby Cox calls David Justice another Thomas Edison: "He wants to experiment a lot."
Justice finally quit experimenting with his batting stance, went back to his old one and hit a two-run homer with two outs in the eighth inning to give the Braves a 4-3 victory over the St. Louis Cardinals on Sunday in Atlanta.
Justice's fifth homer came on a 1-0 pitch from reliever Ron Murphy. The right fielder entered the game having .183.
Mike Perez walked Ron Gau with one out in the eighth and went to second on an infield groundout by pinch-hitter Damon Berryhill.
Justice's 434-foot homer to right field made a winner of Kent Mercker, who pitched one inning. Mike Stanton retired the Cardinals

dy Maldonado hit into a run-producing double play for a 1-0 lead. Smiley, pitching in a steady rain, gave up five consecutive two-out hits as the Cubs pulled ahead 4-0 in the third. Mark Grace and Sandberg had RBI singles, and Boechele doubled home another run as the rain turned into a downpour.
Bill Landrum relieved Smiley after a 22-minute delay and struck out Sammy Sosa, in a 3-for-30 slump, with the bases loaded to end the inning.
A throwing error by Morgan helped the Reds score twice in the bottom of the third.

In games played Saturday:
Padres 5, Mets 3: Gary Sheffield broke a tie with a two-run homer in the eighth inning in San Diego as the Padres handed New York its seventh straight loss.
Sheffield's sixth homer of the year came off former Padre Mike Maddux. Tony Gwynn started the inning with a bunt single, his fourth hit of the game.
Reds 9, Cubs 4: The home team rode an eight-run third inning — its biggest in three years — to victory over Chicago.

Cincinnati sent 12 batters to the plate in the third against Mike Hickey and Jose Bautista. Rip Roberts and Barry Larkin each singled twice and drove in a pair of runs.
Cardinals 10, Braves 2: Todd Zeile broke out of a 2-for-20 slump with a tie-breaking, bases-loaded double in the sixth in Atlanta. St. Louis broke open the game with a five-run seventh that included a three-run double by Mark Whiten and a two-run double by Tom Pagnozzi off Marvin Freeman.
Giants 7, Expos 3: Darren Lewis hit a two-run homer, highlighting a six-run first inning and leading the home team over Montreal for their fifth straight victory.
Astros 7, Pirates 3: Doug Drabek defeated his former team for his first victory at home with Houston as the Astros defeated Pittsburgh in a game marred by a fight.

The benches emptied in the fifth after Houston's Eric Anthony was knocked down by a pitch from Randy Tomlin. Anthony charged the mound and grabbed Tomlin, and a five-minute fight ensued.
Houston scored four times in the third.
Dodgers 5, Phillies 1: Tom Candiotti baffled Philadelphia with his knuckleball, and rookie Mike Piazza continued his hot streak with a solo homer as Los Angeles won at home.

NL ROUNDUP

in the ninth for his career-high ninth save in as many opportunities.

Gregg Jefferies' two-run double in the fifth inning gave St. Louis a 3-1 lead. Jefferies had only one hit in 13 previous at-bats against Steve Avery before breaking a 1-1 tie with a double down the left-field line.

Pirates 6, Astros 2: Jeff King hit two homers and drove in four runs in Houston as Pittsburgh snapped the Astros' five-game winning streak.

It was the second time in King's major-league career that he has hit two home runs in a game. He also hit two on Sept. 5, 1990, against the New York Mets.

Pittsburgh took a 3-0 lead in the first inning against Greg Swindell. After singles by Lonnie Smith and Andy Van Slyke, King hit his first home run of the season, a drive off the left-field foul pole.

King led off the fourth inning with another homer, narrowly clearing the left-field wall.

Cubs 4, Reds 3: Mike Morgan, coming off his worst start in three years, scattered three hits in seven innings and Chicago kept John Smiley winless in Cincinnati.

Chicago batted around for three runs in the third off Smiley, whose ERA after six starts is 5.74. Morgan, who was pounded for nine runs in 3½ innings against Colorado in his last start, walked six and gave up two runs.
Ryne Sandberg and Steve Boechele singled in the second and Cen-



The Hornets' Kendall Gill, left, and Dell Curry closed in as Rick Fox of the Celtics lost his balance.

Knicks Rally in 2d Half For 2-0 Lead Over Pacers

The Associated Press
Hortecourt advantage was no help at all in the National Basketball Association playoffs this weekend until the New York Knicks took the floor at Madison Square Garden on Sunday.
The Knicks, who blew a 19-point lead in the first game before holding on to beat Indiana, rallied in Game 2, beating the Pacers, 101-91. John Starks had 29 points and 11 assists, and Patrick Ewing scored 25 points.

With the victory, the Knicks became the first team to take a 2-0 lead in the first round of the playoffs after four series were tied, 1-1, on Saturday.
Game 3 of the best-of-5 matchup between the first and eighth seeds in the Eastern Conference will be Tuesday night at Market Square Arena.

Rik Smits scored a playoff career high 29 points and Reggie Miller had 25 for the Pacers, who are still looking for their first victory in an NBA playoff series.

Charles Oakley led a 45-26 advantage on the boards for the Knicks with 12 rebounds, and Doc Rivers finished with 13 assists.

Indiana made 56.4 percent of its shots in the first half, leading by as many as 16 points and taking an 11-point advantage into the third period.

The Pacers extended the margin to 59-44 early in the second half before two baskets by Ewing started a 21-8 spurt that pulled New York to 67-65. Anthony Mason keyed the rally with three consecutive baskets that made it 65-60 with

came from behind in the final quarter to beat San Antonio and even their series at 1-1.

Drexler, who missed virtually all of the final 12 regular season games with a strained hamstring, put Portland ahead for good, 94-92, with a tip-in with 2:09 left to play.

NBA PLAYOFFS

4:16 left, and his layup with 0.2 seconds remaining closed the gap to 72-71 after a third period that saw the Knicks hit 12 of 18 shots.

Starks then hit two 3-pointers and Rolando Blackman one in the first 3½ minutes of the fourth period, giving New York an 82-76 lead it never lost.

In games played Saturday:
Hornets 99, Celtics 98: Larry Johnson got the only basket in the second overtime in Boston and Charlotte survived Kevin McHale's 30 points to even their series at one game each.

It was McHale's missed free throw with 1:38 left, Boston's only miss in 17 foul shots, that allowed the Hornets to preserve their one-point lead and first playoff victory in their five years in the NBA.

Trail Blazers 105, Spurs 96: Clyde Drexler scored 21 points in his first extensive playing time in a month and Portland, at home,

The Blazers, who outscored San Antonio, 27-13, in the final quarter, went on to get seven straight points in a 29-second stretch of the final minute to put the game away.

Nets 101, Cavaliers 99: Derrick Coleman scored 27 points and grabbed 14 rebounds in Richfield, Ohio, to lead New Jersey over Cleveland and even their series at 1-1.

Clippers 95, Rockets 83: Ron Harper scored 12 of his 29 points in the third quarter of Los Angeles's upset in Houston, which evened that series at 1-1.

Deal Set to Sell Rockets

The owner of the Houston Rockets, Charlie Thomas, has signed a contract to sell the team to a Florida businessman, Les Alexander, and his partner, Bill Esping of Dallas, for an undisclosed amount. The Associated Press.

The deal, reported to be worth \$80 million, will not be completed until after the Rockets are finished in the playoffs, the team said.

Single by Baines in the Ninth Drives Orioles Past Royals, 4-3

The Associated Press
Harold Baines reached base for the 12th straight time by singling home the winning run with two outs in the ninth on Sunday in Baltimore to give the Orioles a 4-3 victory over the Kansas City Royals.

Blue Jays 6, White Sox 1: In Chicago, Pat Hentgen outpitched Jack McDowell, and Paul Molitor had three hits as Toronto ended Chicago's six-game winning streak. Hentgen combined with Denny

in the 10th to lift the home team over Seattle for a three-game sweep.

The Mariners, playing for the second straight day without injured center fielder Ken Griffey Jr., tied it at 2 in the ninth when Tino Martinez led off with a home run against Jimmy Key.

Twins 6, Tigers 3: Kirby Puckett hit a tiebreaking home run in the eighth inning in Detroit to help lift Minnesota over Detroit. It was the Twins' second victory in a row after an eight-game losing streak.

Brian Harper homered in the Minnesota seventh, tying it at 3. Puckett hit his fifth home run in the second deck in left field on a 1-1 pitch off David Haas.

Red Sox 4, Angels 3: The Red Sox got two RBIs each from Billy Hatcher and Mike Greenwell to complete a weekend sweep of Cali-

formia in Fenway Park. The Red Sox are now 9-1 at home.

Indians 10, Athletics 2: Junior Ortiz had three hits and scored three runs as Cleveland stopped the visiting Oakland in a game interrupted by a bench-clearing brawl.

In games played Saturday:
Red Sox 3, Angels 1: Roger Clemens struck out 11 batters and pitched five-hit ball for eight innings at Fenway Park to lift Boston over California.

Scott Fletcher drove in two runs with a bases-loaded single, and Scott Cooper added an RBI single as the Red Sox scored all their runs in the second against Scott Sanderson.

Despite recent tendinitis, Clemens struck out every California starter except Gary DiSarcina and Luis Polonia. Polonia singled, dou-

bled and tripled, and scored the Angels' run in the first inning.

Twins 5, Tigers 2: Minnesota stopped its longest losing streak in three seasons at eight games as Shane Mack drove in three runs in Detroit.

Kirk Gibson's RBI triple put Detroit ahead in the fourth, but the Twins ended a 25-inning scoreless streak in the fifth with four runs.

Yankees 6, Mariners 2: In New York, Mike Witt won for the first time in three seasons, pitching three-hit ball for seven innings to lead New York over Seattle.

Sidelined for the second half of 1991 and all of 1992 because of an ailing elbow, and disabled at the beginning of this year with a groin injury, Witt came back to strike out three and walk three as New York won its fifth victory in six games.

Indians 1, Athletics 0: Jose Mesa pitched a four-hit ball for 8½ innings in Cleveland, and Albert Belle doubled home a run in the first as the Indians stopped a four-game losing streak.

Brewers 4, Rangers 3: Tom Brunansky, batting just .125, hit his first home run of the year off Bob Patterson with two outs in the 12th inning in Arlington, Texas.

White Sox 8, Blue Jays 2: Joey Cora's two-run single in Chicago started a five-run fifth against Jack Morris as the White Sox earned their sixth straight victory.

Royals 5, Orioles 4: Mike MacFarlane led off the ninth in Baltimore with a tie-breaking home run as Kansas City overcame a strong effort by Fernando Valenzuela to stop Baltimore.

AL ROUNDUP

Cox on a five-hitter. Hentgen, making just his seventh major league start, retired 12 straight at one stretch. McDowell allowed four earned runs and nine hits in 6½ innings.

Toronto went ahead in the first on Molitor's third home run of the season. Darnell Coles doubled home a run in the second and scored on Luis Sojo's single to make it 3-0.

Yankees 3, Mariners 2: Bernie Williams drew a bases-loaded walk from Norm Charlton with two outs

He got in the way of somebody's war.

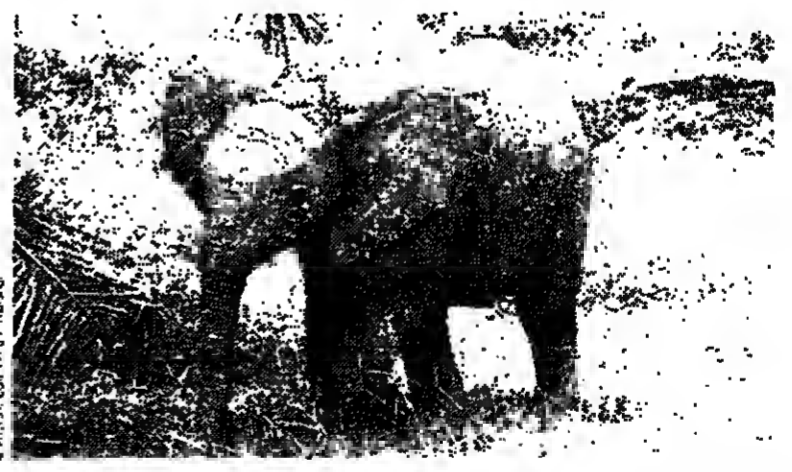


Nine out of ten casualties in modern warfare are civilians. The vast majority of its victims never wore a uniform or carried a gun.
In the so-called "post-war" period since 1945, at least 20 million people have died in over 100 conflicts. A further 60 million have been wounded, imprisoned, separated from their families and forced to flee their homes or their countries.
In over 30 armed conflicts, this human misery is happening now.
Yet the Geneva Conventions — ratified by 164 states — lay down clear rules that all victims of war living under the darkness of conflict must be respected.
They have the right to protection from murder, torture, starvation and being taken hostage.
To focus attention on the plight of millions of civilians caught in the crossfire, the International Red Cross and Red Crescent Movement is launching a worldwide campaign to ensure that they get the protection and assistance to which they are entitled under international law.
No matter who. No matter where. No matter when.
We call on governments and combatants everywhere to respect the rights of all victims who get in the way of somebody's war. Help us to help them.



World Campaign for the Protection of Victims of War

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JUST LONG ENOUGH TO MAKE HIM AN EASY TARGET.

This little elephant doesn't expect to be shot. He's lived free from the threat of poachers for the past two years. So in 1992, if some countries end the ban on ivory, he won't even know what hit him.

The end of the ban could mean the end of the elephants — without your help they haven't got a chance. Write the African Wildlife Foundation today. You can help keep the ban in place. Don't let the slaughter start again.

AFRICAN WILDLIFE FOUNDATION

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Washington, DC 20036

ONLY ELEPHANTS SHOULD WEAR IVORY

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MONDAY SPORTS

SCOREBOARD

BASEBALL

Major League Standings

Table showing Major League Standings for American League East Division, including teams like Detroit, Boston, New York, Toronto, Milwaukee, Baltimore, and Cleveland.

NATIONAL LEAGUE

Table showing National League East Division Standings, including teams like Philadelphia, St. Louis, Montreal, Atlanta, Pittsburgh, and Cincinnati.

Thursday's Line Scores

Table showing Thursday's Line Scores for American League and National League games.

Friday's Line Scores

Table showing Friday's Line Scores for American League and National League games.

BASEBALL

Major League Standings

Table showing Major League Standings for American League West Division, including teams like Oakland, Kansas City, Baltimore, Toronto, Cleveland, Detroit, Boston, New York, Toronto, Milwaukee, Baltimore, and Cleveland.

NATIONAL LEAGUE

Table showing National League West Division Standings, including teams like San Francisco, Houston, San Diego, Atlanta, Cincinnati, and Los Angeles.

Thursday's Line Scores

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BASKETBALL

NBA Playoffs

Table showing NBA Playoffs First Round results, including Eastern Conference and Western Conference matchups.

THURSDAY'S RESULTS

Table showing Thursday's Results for NBA games.

FRIDAY'S RESULTS

Table showing Friday's Results for NBA games.

SOCCER

WORLD CUP QUALIFIERS

Table showing World Cup Qualifiers results for various international teams.

ENGLISH PREMIER LEAGUE

Table showing English Premier League Standings.

FRANCE

Table showing France Ligue 1 Standings.

SPAIN

Table showing Spain La Liga Standings.

ITALY

Table showing Italy Serie A Standings.

GERMANY

Table showing Germany Bundesliga Standings.

NETHERLANDS

Table showing Netherlands Eredivisie Standings.

SCOTLAND

Table showing Scotland Premier League Standings.

IRELAND

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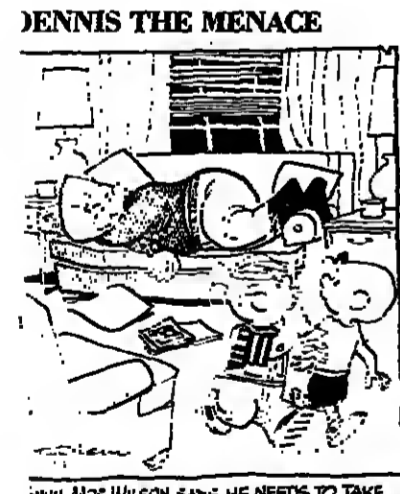
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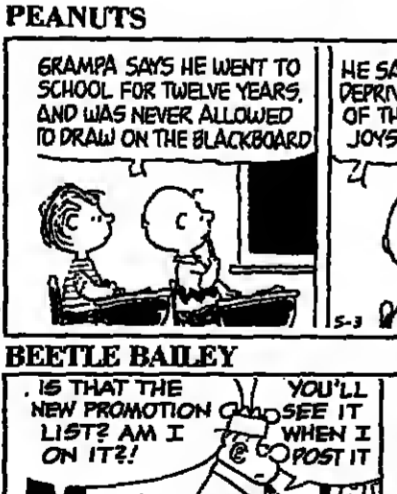
IRELAND

Table showing Ireland Premier Division Standings.

JENNIS THE MENACE



PEANUTS



CALVIN AND HOBBES



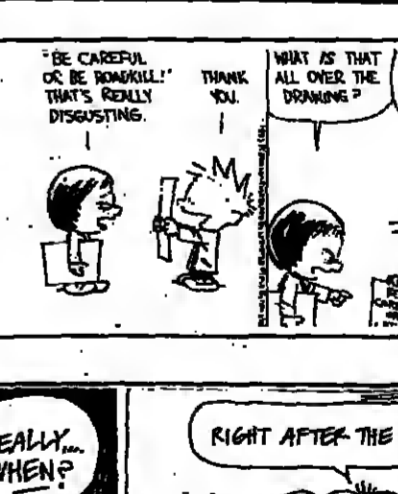
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